

U.S. Officials Deny Reports of Aid to Egyptians at Malta

By Michael R. Gordon
New York Times Service

WASHINGTON — U.S. officials have acknowledged that three U.S. military officers traveled on a C-130 aircraft to Malta with Egyptian commandos who carried out an assault on a hijacked Egyptian jetliner on Nov. 24.

They said Sunday that the senior U.S. military official on the flight was General Robert Wiegand, who oversees U.S. military programs in Egypt.

But the officials, who asked not to be named, said the U.S. officers who accompanied the Egyptians were not specialists in counterterrorism and did not take part in the effort to rescue the aircraft.

Earlier reports had said that only two U.S. officers were in Malta at the time of the assault. A total of 60 persons were killed during the hijacking, 57 of them in the assault.

The U.S. officers were sent primarily as a gesture of political support for the Egyptians, administration officials said. "These three men represented United States moral support for Egypt," said a high-ranking official.

The U.S. account was in sharp contradiction to one provided on Sunday by a senior Maltese official in Malta who said that U.S. officers helped coordinate the assault by the Egyptian commandos.

The administration has not officially disclosed the presence of the U.S. officers in Malta. A State Department spokesman declined Sunday to comment on the presence of the officers or other operational details of the mission. U.S. officials spoke on Sunday only after reports from Malta about the presence of the officers.

According to accounts provided by administration officials, Egypt asked for U.S. support immediately after the hijacking of the Egyptian airliner began. Behind the Egyptian request, the officials said, was concern that the hijacking might be part of a larger Libyan action against Egypt.

The officials said that the administration took a number of actions to support Egypt. A decision was made to send the U.S. counterterrorism Delta Force from Fort Bragg, New Carolina, to a North Atlantic Treaty Organization base at Sigonella, Sicily.

But administration officials felt that this might not be enough time for the U.S. unit to act. It was therefore decided that the U.S. role would be to assist the Egyptians in carrying out their own rescue mission.

The aircraft carrier Coral Sea was instructed to provide air cover for the Egyptian C-130 that carried the Egyptian commandos to Malta.

— in case of a Libyan attack. To do this, F-18 aircraft from the carrier flew to the base at Sigonella so that they would be close to Malta, an administration official said.

In addition, it was decided in Washington that U.S. military personnel should accompany the Egyptian commandos. This decision was taken after Egypt's defense minister, Abdel Hakim Abu Ghazala, told the U.S. ambassador to Egypt, Nicholas A. Veliotes, that Egypt wanted some form of American presence as a gesture of support, according to U.S. officials.

"The idea never was that these three would participate in any way and they didn't," said an administration official.

Another administration official

(Continued on Page 4, Col. 6)



Demonstrators in Manila protest the 26 acquittals in the Aquino murder case.

Ver, 25 Others Acquitted In Aquino Murder Case

Military Chief Is Reinstated In Philippines

By Seth Mydans
New York Times Service

MANILA — General Fabian C. Ver and 25 other defendants were acquitted Monday of involvement in the 1983 assassination of Benigno S. Aquino Jr., a highly popular Philippine opposition figure.

Soon after the three-judge trial court delivered its verdict, President Ferdinand E. Marcos reinstated General Ver as chief of staff of the Philippine armed forces. The general stepped down from the post in October 1984 after a fact-finding board named him as an alleged conspirator in the murder.

"Thank God it's all over," General Ver said as security guards hurried him from the hot and crowded courtroom.

Demonstrators outside the courtroom banged on metal lamp-posts and urged passing motorists to "honk if you think he's guilty." They held banners denouncing the "U.S.-Marcos dictatorship."

General Ver asked for a meeting Tuesday with Mr. Marcos and senior officials to discuss what he called "certain security matters of a highly sensitive and extremely urgent nature," according to a presidential statement. There was no indication of what these security matters might be.

Mr. Marcos called Monday's verdict a triumph of the rule of law and a return of "calm and reason."

The United States lobbied hard against the general's reinstatement, arguing that it would set back military reforms that are vital to combating the Communist insurgency in the country.



General Fabian C. Ver: "Thank God it's all over."

Senator Paul Laxalt brought Mr. Marcos a message of concern from President Ronald Reagan in October. Mr. Laxalt, a Nevada Republican, has said that General Ver's reinstatement would cause "a firestorm of reaction" in Congress.

[The U.S. State Department sharply questioned the acquittals and the reinstatement of General Ver, Reuters reported from Washington.]

Three leaders in Congress also criticized the court decision. Although government television interviewed a number of supporters of the president, the acquittals were condemned by a spectrum of opposition figures.

Mr. Aquino's widow, Corason, said that justice had not been done. She called a news conference for Tuesday, and advisers said she would formally announce her campaign.

(Continued on Page 4, Col. 1)

Sakharov's Wife Leaves Russia for Italy



Yelena G. Bonner at a Moscow airport Monday.

United Press International
ROME — Yelena G. Bonner, the wife of the Soviet dissident Andrei D. Sakharov, arrived here Monday for medical treatment in Italy before going on to the United States.

Mrs. Bonner, 62, arrived from Moscow aboard an Alitalia flight. During a stopover in Milan, Mrs. Bonner said that she could not speak about her husband, who has been in internal exile in the city of Gorki, 250 miles (400 kilometers) east of Moscow, for nearly six years, because she "absolutely must return home."

She had said when she left Moscow that she had promised Soviet authorities that she would not talk with journalists during her stay abroad.

by her son by a former marriage, Alexei Semenov, a computer scientist, and her son-in-law, Efrem Yankelevich, who live in Newton, Massachusetts.

"I can only talk about my health," she said during the stopover. "I have come for treatment for my eyes and my heart after having a major heart attack."

William J. Eaton of the Los Angeles Times reported from Moscow: Mrs. Bonner said she had agreed to meet the press in return for a Soviet government guarantee that she would be allowed to return to her husband.

It was a bargain that allowed Mrs. Bonner to go to both Italy and the United States for medical care.

"I hope to return home and please don't hinder me from this," she said in Moscow. "I will not say anything."

Speaking softly, she also expressed thanks to Moscow correspondents for their interest in the plight of the Sakharovs over the years.

The disclosure last month that she would be allowed to leave the country while herself sentenced to internal exile for anti-Soviet agitation was regarded as a gesture to polish the Kremlin's image in advance of the U.S.-Soviet summit meeting in Geneva Nov. 19 and 20.

After treatment for glaucoma in Italy, she plans to travel to the United States for a heart bypass operation.

Israel Reportedly Will Allow U.S. To Question Officials in Spy Case

By William Claiborne
Washington Post Service

JERUSALEM — Rafi Eitan, the Israeli intelligence operative who has been identified as a key figure in the spying case against a U.S. naval analyst, will be made available to U.S. law enforcement officials for questioning, highly placed Israeli sources said Monday night.

Moreover, senior Israeli officials said, four science data-gathering officers in the United States that were supervised by Mr. Eitan will be closed once evidence is collected proving that they had a dual role of

running covert intelligence operations in the United States.

The offices of the Science Liaison Bureau, known by the Hebrew acronym LEKEM, are in Washington, New York, Boston and Los Angeles.

Two Israeli science attaches, assigned to the Washington and New York offices, were recalled to Israel following the arrest Nov. 21 of Jonathan Jay Pollard on espionage charges after he sought asylum at the Israeli Embassy in Washington.

Informed Israeli sources said the two diplomats, Ilan Ravid and Yo-

sef Yagur, will also be made available to U.S. federal investigators, and that all documents which Mr. Pollard is accused of having sold to Israeli contacts will be returned to Washington.

Prime Minister Shimon Peres had no comment Monday night about the reports that Mr. Eitan would talk to U.S. investigators.

A senior government source confirmed, however, that Mr. Eitan would be made available for questioning. "He is the supervisor. He will talk to the Americans."

The official, who spoke on the condition that he not be identified, said that "no date and no place has been set for the talking."

Mr. Eitan, 57, served from 1978 to 1984 as counterterrorism adviser to Prime Ministers Menachem Begin and Yitzhak Shmior, and is a former chief of operations for the Mossad, Israel's foreign intelligence agency.

[Mr. Eitan, who is not related to the former chief of staff, General Rafael Eitan, is close to former Defense Minister Ariel Sharon, now minister of industry and commerce, Reuters reported.]

[Israeli radio said that Mr. Eitan would be dismissed because of the scandal, United Press International reported.]

There have been reports that Mr. Eitan, one of Israel's most renowned intelligence operatives, would not be sent to Washington for questioning, but that FBI agents would come to Israel to interview him.

A diplomatic source who has followed the case closely also said that questioning of Mr. Eitan was included in the "generalized agreement" that Mr. Peres reached with Secretary of State George P. Shultz before Mr. Peres on Sunday night.

(Continued on Page 4, Col. 5)



A policeman and a soldier stand guard during the European Community meeting.

EC Leaders Open Summit Conference Amid Discord on Community Reform

By Steven J. Dryden
International Herald Tribune

LUXEMBOURG — European Community leaders, beginning a summit meeting Monday, encountered serious disagreement over several proposals for reform, officials said.

Spokesmen for Britain and the EC Commission said Monday night that they were not optimistic about chances for an agreement.

But a Dutch compromise proposal to increase coordination of the monetary policies of member states was reported by some officials to be gaining support.

West Germany unexpectedly backed the Dutch proposal, a move that was reported to have irritated Prime Minister Margaret Thatcher of Britain, who wants to preserve the independence of British monetary policies.

About an hour before the leaders were to go to dinner, a small bomb exploded about 110 yards (100 meters) from the building where the meeting was taking place. The bomb exploded harmlessly.

A unanimous agreement on any reform measure appeared impossible because of the inability of the Danish government to approve any proposal before consultation with its parliament.

In an attempt to bridge the gap on one of the most divisive issues, the Netherlands had submitted a compromise proposal on the question of coordinating community monetary policies.

Earlier proposal by Jacques Delors, the president of the EC Commission, to move the community rapidly toward common monetary policies had been rejected by Britain and West Germany.

The Dutch, in their compromise proposal, called for an amendment of the Treaty of Rome that would

define one of the goals of the EC as "progressively bringing about an economic and monetary union."

The Dutch proposal also called for the creation of a "community central banks" system to ensure monetary stability.

The leaders spent several hours discussing the report of an intergovernmental conference on reform that they created at their Milan meeting last June.

The report included suggestions for revising the Treaty of Rome, the 1957 document that founded the community. Among the subjects covered are increased use of majority voting instead of the present requirement of unanimity; greater foreign policy coordination; and strengthening the powers of the European Parliament.

Although some states disagreed, the conference recommended dismantling internal frontiers as a means of removing barriers to trade within the community. The existence of the barriers is seen as one of the major obstacles to greater European economic growth.

The conference report also sug-

gested that majority voting be used in future attempts by the EC to harmonize rules and standards.

The leaders began their discussions with an overview of the economic situation in the community presented by the commission.

The commission report said that if present policies were followed, economic growth in the member states through 1990 would not exceed 2.5 percent a year.

Such a rate, the commission said, would only bring about a "modest improvement" in the EC unemployment rate, now at 11 percent.

Mitterrand Misses Lunch

President Francois Mitterrand of France arrived seven hours after other EC leaders, missing a lunch given by Grand Duke Jean, Reuters reported.

Mr. Mitterrand's absence was described privately by Luxembourg officials as an insult. A French presidential spokesman said that Mr. Mitterrand's late arrival was due to engagements set before the summit's opening time was fixed.

Stock Crisis In Singapore Is Widening

By Francis Daniel
Reuters

SINGAPORE — The crisis on the Stock Exchange of Singapore spread Monday, with official trading suspended indefinitely in Kuala Lumpur, Malaysia. Markets in Hong Kong and London also were affected.

The Singapore exchange announced Sunday that it was suspending trading indefinitely following the collapse of a major industrial group. The exchanges in Singapore and Malaysia are closely linked.

The crisis, set off when Pan-Electric Industries Ltd. was put into receivership, with debts of 300 million dollars (\$186.6 million), is expected to further dampen Singapore's economy, which has been forecast to shrink by 2 percent this year.

The closings of the stock exchanges could affect several international stockbrokers, a senior investment analyst in Singapore warned.

The chairman of the Singapore Stock Exchange, Ong Jin An, said, "The decision to suspend trading was taken to cool off the market and for the public to digest the news" of Pan-Electric's problems.

Concern about Pan-Electric's problems also spilled over into Hong Kong, where share prices fell sharply Monday. The Hang Seng index lost 22 points, to end at 1,694.57. News of the market suspensions also prompted widespread selling Monday by companies with interests in East Asia on the London Stock Exchange.

Pan-Electric, with holdings in shipping, property and electrical manufacturing, has 68 subsidiaries in Hong Kong, Bermuda, Brunei, Malaysia and Britain.

Some Singaporean officials questioned the wisdom of the market suspensions. They said they fear that when the market reopens,



Singapore's stock exchange after trading was suspended.

Airline Incentive Plans Hit Turbulence Government, Business Criticize 'Frequent Flier' Benefits

By Ralph Blumenthal
New York Times Service

NEW YORK — Kenneth S. Kramer had no sooner checked in for a new airline's inaugural flight from Washington to Hartford, Conn., last month than a ticket clerk handed him a blue booklet and pressed two fresh ink stamps onto the first page.

Instantly, Mr. Kramer, a lawyer, became a Presidential Airways "Frequent Flyer" with 200 points — a fifth of the way to "Award Level A" for a free upgrading to first-class or three-month membership in the airline's "Oval Office" V.I.P. flight club.

But after almost five years of unbridled growth, the airline promotional programs that reward frequent fliers have come under hostile scrutiny and legal attack by government and business. Increasingly, critics question why such benefits escape taxation and why companies that often pay the travel bills are barred from reaping the benefits.

The government has moved to curtail this ban by insisting that federal employees use benefits they may earn on official travel for future business trips.

helping companies keep track of benefits being accumulated by their employees.

Widely regarded as the most successful promotion in airline history, frequent flier programs award more than seven million members bonus points toward free round-the-world tickets, rental car and hotel discounts and other benefits. The programs are open to Americans and foreigners alike.

They have transformed spending and marketing patterns and have become a potent competitive weapon of air carriers out to instill brand loyalty in their customers. They have become a new way for airlines to collect valuable information about these customers and to communicate with them. They have fostered a new travel specialty: monitoring frequent flier bonus miles. And they have even created their own gray market of benefit brokers and traders.

But they also have provoked opposition and raised these questions, among others:

• Do the awards constitute a form of income that the airlines should report to the Internal Revenue Service?

• Do the programs promote inefficiency by encouraging business travelers to fly roundabout routes, paid

(Continued on Page 4, Col. 3)



James M. Beggs

INSIDE

James M. Beggs, the NASA chief, was among those indicted in a fraud case involving General Dynamics Corp. Page 2.

The pope pledged to remain open to the conclusions of the Synod of Bishops. Page 6.

School boycotts in South Africa have left blacks uncertain about the future of their education system. Page 7.

BUSINESS/FINANCE

Argyll Group made a \$2.77-

billion takeover bid for Distillers Co. that was rejected by the whisky producer. Page 11.

Saudis will keep oil output high. Last part of Bob Hagerly's series. Page 17.

TOMORROW

In one high-tech field, telecommunications, Europeans perform as well as anyone — but the competitors are catching up. The third article on European approaches to business.

Publicity Assists Polish Surgeon

Heart Transplants Draw Attention, Much-Needed Supplies

By Jackson Diehl
Washington Post Service

ZABRZE, Poland — Dr. Zbigniew Religa arrived here a year ago determined to transform this city's aging hospital into a cardiology clinic that would set a new standard for Poland's beleaguered health system.

It was not a task for a cautious man. Dr. Religa, a heart surgeon, began with three hand-picked specialists and five experienced nurses, and coaxed about \$15 million in donations from factories in the surrounding Silesian industrial belt.

But his clinic could not surmount the chronic troubles of all Polish hospitals: shortages of drugs, ambulances, cleaning staff and even basic sanitary equipment.

Then last month, Dr. Religa, 47, took the step he knew would get him attention: He performed two heart transplants, the first in Poland since a failed attempt in 1969.

One of his two patients died. But within a week, supplies were pouring into his aging, Spartan facility, and the local Communist Party secretary called to promise that cleaning personnel would be detailed from factories.

"It was one of the reasons I did the heart transplant," the doctor said on a recent morning between bypass operations. "Now I have all the drugs I want."

"That's so typical of Poland," added a colleague, Dr. Jerzy Wolczyński. "You do something interesting and only then you get some attention."

Although he scheduled his first heart operation only three months ago, Dr. Religa's clinic now aims to outstrip the combined performance of all the other cardiology facilities in Poland. The four surgeons, working at the rate of one major operation a day, already have performed 120 open-heart operations and have a waiting list of 200.

"Our goal," Dr. Religa said, "is to create a cardiology clinic as good as the average facility in Western Europe."

The dizzying speed of the project's development

and the stagnation in more established facilities reveal the extremes of a hospital system that is probably the most erratic in Eastern Europe.

For many Poles, health care — more than job conditions, material supplies or even housing — is the greatest frustration of daily life and the symbol of the failures of their state-run social services.

Even Dr. Religa's record, celebrated as a triumph by the Polish media, was shaped by the troubles that pervade the hospitals: severe overcrowding, critical shortages, and lapses of sanitation and standards so low that official spokesmen have labeled them "shocking" and "nightmarish."

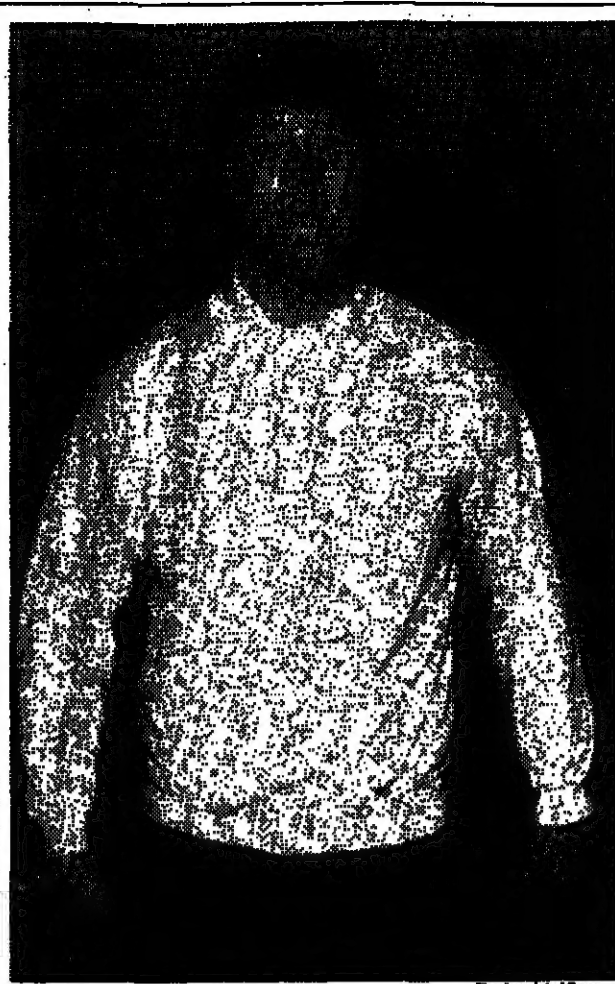
"The Sanitary Inspection Department has been shocked," said the government daily Rzeczpospolita in a report on a recent inspection of national hospitals. "They did not expect such gross negligence. Hospitals, which should set an example of cleanliness, were filthy."

Dirt and the risk of infections are only the beginning of the problems patients confront. Poland has the lowest number of hospital beds per head of population in Eastern Europe, and places are so short that patients not in critical condition sometimes must wait a month or more for surgery. With regular wards already crammed to double capacity, many of those admitted are quarantined in hallways and bathrooms. Food has to be brought to many patients by their relatives.

Drugs are so scarce in some clinics that up to 40 percent of supplies come from donations provided by the Roman Catholic Church and foreign organizations.

For many health specialists, the culmination of such common horrors came last August with the deaths in a hospital in the town of Wloclawek of eight newborn infants improperly treated with albumin.

An investigation showed that doses of the protein were administered more than 24 hours after the container of the medication was opened. The maximum allowed exposure time for albumin is four hours.



SOCCER RIOT TRIAL — James McGill, a Liverpool soccer fan, entering court in Brussels on Monday. He is being tried on charges of attacking an Italian fan with an iron bar during a riot before the European Cup soccer final in Brussels on May 29. Mr. McGill, 21, faces a five-year sentence. Thirty-nine people died in the riot.

Tory Policies Called Unjust To Poor by Anglicans

Reuters

LONDON — The British government and the Church of England headed for a clash Monday over a church report charging that many of the government's economic policies were dogmatic, inflexible and unjust.

The 400-page report on urban conditions called for higher government spending in inner-city areas and a re-examination of tax deductions for mortgages. The report alleges the Conservative government is using the deductions to help home owners at the expense of the poor.

Written by a commission that toured the country for two years, the report said: "The exclusion of the poor is pervasive and not accidental."

The archbishop of Canterbury, Robert Runcie, was expected to give the document his backing on its formal release Tuesday.

Mr. Runcie stepped into the political arena last year during the 12-month miners' strike, criticizing Prime Minister Margaret Thatcher's economic policies as harming national unity.

Copies of the church report were sent to ministers as a courtesy, and an unnamed government minister was quoted in a newspaper as calling the document "pure Marxist theology."

The environment secretary, Kenneth Baker, said the report was disappointing and suggested the recommendations were out of date.

The church commission reported, "We are united in the view that the costs of present policies, with the continuing growth of unemployment, are unacceptable."

It said it felt compelled to question whether "a dogmatic and inflexible" approach was appropriate.

The document also asserted that too much emphasis was being placed on individualism and not enough on collective responsibility. Since taking office in 1979, Mrs. Thatcher has insisted that previous Labor government policies crippled the country by restricting individual initiative.

She advocates greater enterprise and the selling of publicly owned housing to tenants to make Britain a nation of homeowners.

The church report called for a reappraisal of mortgage tax relief as a means of achieving this. "It is unjust," it said, "to tell those in bad housing that we cannot afford to do anything for them, that there is no money available to provide them with a home, and at the same time to give subsidies to those on the highest income."

WORLD BRIEFS

Hanoi to Give U.S. Remains of 7 MIAs

WASHINGTON (UPI) — Vietnam plans to turn over to U.S. officials what are thought to be the remains of seven Americans missing in action during the Vietnam War, the Pentagon announced Monday.

The exchange is to be made in Hanoi on Wednesday, it said. The remains will be flown to the army's Central Identification Laboratory in Hawaii for confirmation and return to relatives. In August the laboratory identified the remains of 24 of 25 American MIAs who were turned over.

The latest agreement occurred after a joint U.S.-Vietnamese team on Nov. 17 began to excavate the site where a B-52 bomber crashed near Hanoi in 1972.

Detention of Rumasa Founder Upheld

MADRID (Reuters) — A Madrid court upheld Monday the detention of José María Ruiz Mateos in connection with the near collapse of Rumasa, Spain's largest private holding group, court officials said.

But Mr. Ruiz Mateos, the founder of the Rumasa group, was defiant after testifying for four hours before Judge Luis Larga. "I'll win, reason is on my side and the government will fail," he said after the hearing.

Mr. Ruiz Mateos, 54, left Spain shortly after the Socialist government nationalized 240 of the group's 400 companies in February 1983. In 1984, government officials put the group's accumulated losses at \$2.6 billion. Mr. Ruiz Mateos, who was extradited by West Germany during the weekend, faces trial on the two counts of accounting fraud accepted as grounds for his extradition. A request for bail is pending.

Ugandan Rebels Free Hijacked Plane

NAIROBI (Reuters) — Ugandan rebels have released a Uganda Airlines aircraft that was hijacked last month and forced to land in guerrilla-occupied territory, the Kenya News Agency reported Monday.

The plane, a Fokker Friendship, arrived Sunday night in Nairobi after President Daniel Arap Moi of Kenya had urged the National Resistance Army rebels to release it, the agency added.

The plane was on a scheduled domestic flight when it was hijacked Nov. 10. It was forced to land in the southwestern town of Kasese, which is held by the rebels. Five West Germans aboard the aircraft were released shortly after the hijacking. The whereabouts of the 43 Ugandan passengers and crew are not known, although they are reported to be safe.

Reagan Optimistic on Ties With Soviet

SEATTLE (AP) — President Ronald Reagan said Monday that he was confident that U.S.-Soviet relations could remain peaceful "if we remain firm in our convictions, realistic in our approach and strong enough to defend our interests."

Mr. Reagan, speaking at a Republican fund-raising meeting, said of last month's Geneva summit meeting: "Geneva let loose a lot of hopes — mine among them. But there have been no signs before."

He added: "The progress we made at Geneva was possible only because in the past five years we've been determined to make America stronger. Because we've spoken out clearly about Soviet policies that threaten peace, that policy is working. I am confident that the competition we have with the Soviets can remain peaceful."

Ex-POW in Vietnam Loses U.S. Appeal

WASHINGTON (AP) — Robert R. Garwood, a former marine who was court-martialed for aiding the enemy and assaulting another American while a prisoner of war in North Vietnam, lost a Supreme Court appeal Monday.

The court, without comment, left intact Mr. Garwood's dishonorable discharge and forfeiture of pay for his 14 years in Vietnam. Mr. Garwood, now a mechanic in northern Virginia, was 19 when he was captured in Vietnam in 1965.

He returned to the United States in 1979 and was charged with various crimes. Military prosecutors said he lived with the enemy, eating and sleeping outside a fenced compound where American POWs were held. The government said he carried an enemy weapon, served as a guard and once assaulted an American prisoner. He was the only American soldier convicted of aiding the enemy in the war.

Amal Chief Threatens to Attack Israel

BEIRUT (AP) — Nabih Berri, leader of the Shiite Muslim Amal militia, threatened Monday to attack Israeli settlements in retaliation for the shelling of Muslim villages in southern Lebanon.

"The continuous shelling on southern villages makes it imperative for us to retaliate by shelling Israeli settlements," Mr. Berri said. There were reports from the border region of a military buildup by Muslim militias and by the mainly Christian South Lebanon Army that is backed by Israel. UN sources said Thursday that Israeli soldiers and South Lebanon Army troops stormed two villages in southern Lebanon following rocket attacks on Israel.

For the Record

A Spanish court cleared an alleged Basque guerrilla, José García Ramírez, who was extradited by France last year, of murder and assault charges Monday, officials said.

The Polish leader, General Wojciech Jaruzelski, will hold talks at his own request with President François Mitterrand in Paris on Wednesday, the Elysee Palace said Monday.

Hamilton Jordan, who was President Jimmy Carter's chief of staff, said Monday he will run for the U.S. Senate as a Democrat from Georgia because he is happiest in public life and has the best chance to defeat Senator Mack Mattingly, a Republican.

(UPI)

Correction

Because of an editing error in an article in the weekend editions about Dresden Bank earnings, the length of the year-earlier comparison period was misstated. The year-earlier figure was actually 10/12ths of the full 1984 results.

Paris Gunmen Rob Brink's Of More Than \$7 Million

COLOMBES, France — Armed robbers kidnapped two employees of Brink's France from their homes, forced them to open an office at company headquarters and made off with more than \$7 million, police said Monday.

Police said that about 10 men armed with rifles and handguns broke into the employees' homes late Sunday and early Monday. Some of the employees' families remained with them while other gunmen drove the employees to the headquarters of the security and courier company in this suburb northwest of Paris.

The robbers looted strongboxes of cash and checks. When five guards arrived for work at about 5 A.M., the robbers seized them as well and continued to empty the safes, then released the hostages and escaped in a van, police said.

The robbers took an estimated 60 million to 70 million francs, police said, the equivalent of \$7.8 million to \$9.1 million.

Police said that one Brink's employee was kidnapped about 9 P.M. Sunday and the second about

4 A.M. Monday. It was speculated that the first man may not have been able to open the office door, forcing the robbers to kidnap the second employee.

Police said the robbery was one of France's biggest. On Oct. 27, armed robbers stole an estimated 100 million francs worth of paintings from the Marmottan Museum in Paris.

In 1976, burglars tunneled into a bank in Nice and made off with an estimated 46 million francs in cash and valuables. In 1980, the robbery of a jewelry store in Cannes netted an estimated 80 million francs.

On May 31, gunmen attacked an armored car in Paris, killing the driver and two police officers and stealing 40 million francs in cash and checks.

In the biggest British robbery, six masked gunmen stole \$38 million in pure gold from a depot near London's Heathrow airport on Nov. 28, 1983.

The biggest American robbery occurred in December 1982, when \$11 million in cash was stolen from the Sentry Armored Courier Corp. in New York City.

General Dynamics, NASA Head Indicted in Fraud

Compiled by Our Staff From Dispatches

WASHINGTON — General Dynamics Corp. was indicted Monday, along with James M. Beggs, now the administrator of NASA, and three other present or former executives of the company.

Mr. Beggs, who had been an ex-

ecutive vice president of General Dynamics, and the others were charged with trying to defraud the government of millions of dollars on the Sergeant York anti-aircraft gun, the Justice Department said.

General Dynamics, the third-largest U.S. military contractor, and the four men were charged with conspiring to reduce losses on an army contract to build the prototype gun systems by illegally mischarging contract expenses to other government-funded accounts.

The seven-count indictment was returned in federal court in Los Angeles.

The individuals said the corporation was charged with one count each of conspiring to defraud the Department of Defense between January 1, 1978, and Aug. 31, 1981. They also were charged with six counts of making false statements.

Mr. Beggs became head of the National Aeronautics and Space Administration on July 10, 1981. A government source said \$7.5 million was mischarged, causing a \$3.2 million loss to the government.

The Sergeant York, also known as DIVAD for Division Air Defense weapon system, was a gun

mounted on a tank and was designed to protect tanks and infantry against enemy aircraft.

If convicted, the corporation faces a maximum fine of \$10,000 on each of the seven counts. The individuals face maximum sentences of five years in prison and \$10,000 fines on each count.

General Dynamics and Ford Aerospace Corp. competed for the final contract for the Sergeant York. Ford Aerospace won. But the later versions of the weapon did not work and, in August, Defense Secretary Caspar W. Weinberger canceled the order.

At that point, the Pentagon had already spent \$1.8 billion of a planned \$6.8 billion.

In addition to Mr. Beggs, the indictment named as defendants:

Ralph E. Hayes, Jr., a corporate vice president and general manager for General Dynamics who helped run the anti-aircraft program at the company's division in Pomona, California.

David L. McPherson, a General Dynamics employee who directed the anti-aircraft program.

James C. Hansen, Jr., a General Dynamics employee who was assistant program director.

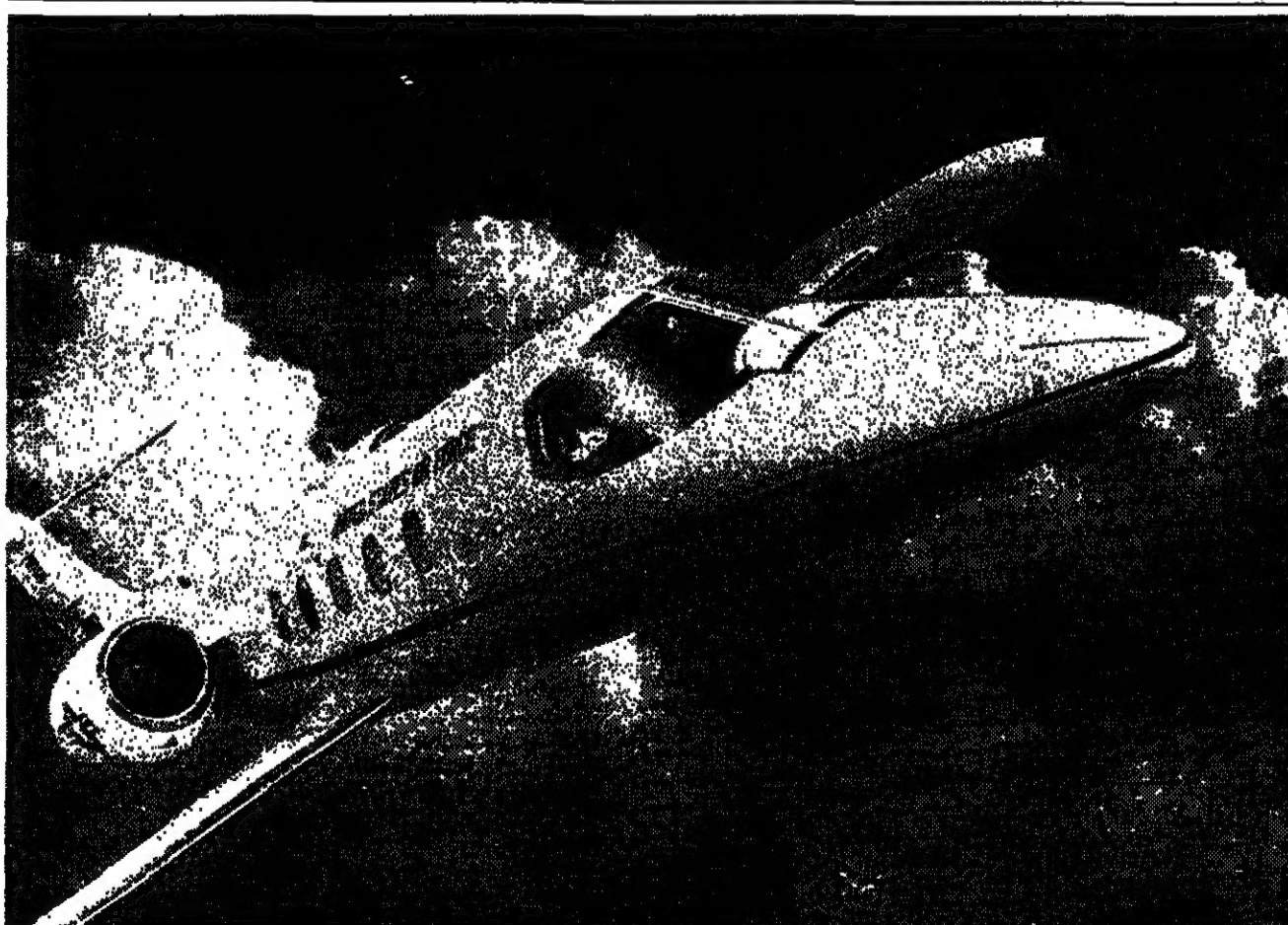
According to the indictment, the company officials fraudulently charged several million dollars worth of expenses on the contract as "bid and proposal" and independent research and development expenses.

They did this, the indictment said, to reduce multimillion-dollar losses on the company's \$40 million army contract for the production of the Sergeant York prototype systems.

Contractors are reimbursed by the Department of Defense for those two types of expenses, but they are not permitted to use the funds for work required by an existing contract.

It was the latest in a series of controversies involving General Dynamics. Earlier this year, Mr. Weinberger withheld millions of dollars from the company until an audit of its billing practices was completed. In October, a company official was indicted on charges of lying to the government. (AP, UPI)

Chilled
TIO PEPE
The natural aperitif.
Very Dry Sherry



The U.S. Air Force scrutinized, analyzed and compared business jets for five months. Then ordered 80 Learjets.

An order to build 80 jets for the U.S. Air Force Operational Support Aircraft program is significant. Any aircraft manufacturer would jump at the chance. And many of them did. But a team of USAF specialists narrowed the field in an intensive five-month evaluation, ultimately focusing on just two aircraft.

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Ver, Others Acquitted In Aquino Murder Case; Foes Condemn Verdict

(Continued from Page 1)

didacy to oppose Mr. Marcos in a presidential election Feb. 7.

"Now that the verdict is out, the Filipino people can fully understand why I said from the very beginning that justice is not possible so long as Mr. Marcos continues to be head of our government," Mrs. Aquino said Monday. She said she believed that Mr. Marcos was the "No. 1 suspect" in the murder.

Salvador H. Laurel, another candidate for president, vowed to reopen the case if he were elected. He was reported to have said that Mr. Aquino "has in effect been assassinated anew by this glibly verdict."

The court supported the military's contention that Mr. Aquino was killed by Rolando C. Galman, a lone gunman who was possibly working for the Communists, and not by a military conspiracy.

Mr. Aquino was shot Aug. 21, 1983, as he arrived at Manila airport after three years of self-imposed exile in the United States. Mr. Galman was killed immediately afterward.

The 26 defendants, all but one of them soldiers, were also cleared of involvement in the murder of Mr. Galman.

All of the defendants pleaded not guilty when the trial began in February. General Ver and seven other military men faced possible 40-year sentences on charges of being accessories to the murder.

Testimony in the eight-month trial, which followed 11 months of hearings by a fact-finding board, did not settle the many questions surrounding the assassination. It also led to a widespread sense of cynicism about the proceedings.

Several witnesses, including friends of Mr. Galman and members of his family, and airline employees who had said they witnessed the shooting, disappeared before or after giving testimony.

In reaching their decision, the judges dismissed as "dubious character" the testimony of Rebecca Quijano, who was the only prosecution witness to say she had seen a soldier kill Mr. Aquino. The prosecution relied on her testimony in asserting in its concluding statement that one of the soldiers killed Mr. Aquino with a pistol.

[Miss Quijano was quoted by The San Francisco Examiner as saying she was offered a Philippine government-inspired bribe by an

intermediary to change her testimony at the trial, The Associated Press reported Tuesday.]

Well before the trial neared its conclusion, the court had excluded several potentially telling pieces of evidence.

Most crucial was its ruling, supported by the Supreme Court, that testimony by General Ver before the fact-finding board could not be admitted as evidence. This was the primary evidence of the charge that General Ver had engaged in a cover-up.

After midnight Monday, Mr. Marcos called formally for the election by signing a parliamentary bill that sets a vote for president and vice president 15 months before the expiration of his six-year term.

Criticism by Washington

In questioning the verdict, the U.S. State Department cited the conclusions of the earlier fact-finding board, headed by Corazon J. Agrava, Reuters reported.

Charles E. Redman, a State Department spokesman, said that the Agrava commission, which he termed a "board of respected, independent-minded" Philippine citizens, had "refuted" the government claim that Mr. Aquino was killed by Mr. Galman.

"It is very difficult to reconcile the exemplary, thorough work of the Agrava board, and the conclusions it reached after a year of hard work, with the outcome of this trial," Mr. Redman said.

The State Department also questioned the reinstatement of General Ver as chief of staff.

"How the reinstatement squares with President Marcos's professed desire to initiate serious reforms," Mr. Redman said, "is a question only he can answer."

Senator Richard G. Lugar, an Indiana Republican who is chairman of the Senate Foreign Relations Committee, said the decision did not "contribute to the crying need for reform and reorganization of the military."

Alan Cranston, a California Democrat and assistant Senate minority leader, said that the verdict would "hurt democracy in the Philippines, hurt American security interests and help only the Communists."

Representative Stephen J. Solarz, a New York Democrat who is chairman of the House Subcommittee on Asian and Pacific Affairs, called on the Reagan administration to suspend military aid to the Philippines as long as General Ver remained as chief of staff.



Brochures promoting airlines' programs for frequent fliers.

Frequent Flier Plans Hit Turbulence

(Continued from Page 1)

for by their employers, to accumulate mileage points for personal benefit?

Are the programs a form of bribery in which the airlines seek to influence business travelers who spend their company's travel dollars?

American Airlines offered the first program in May 1981 amid the early uncertainties of airline deregulation. It was a time when some new carriers, free of unprofitable route structures and high labor costs, were successfully challenging the hegemony of the airline giants.

"We realized we had to do something that recognized and rewarded our better customers," said Frank J. Di Nuzzo 3d, vice president for sales promotion at American. Consequently, the airline's pioneering "AAAdvantage Program" awarded mileage points to registered passengers for every flight taken on the carrier. The accumulated points could then be redeemed for free tickets and other benefits.

A key feature of the promotion and others hurriedly begun by competitors was that the benefits could not be transferred to a corporation, even if it paid for the ticket.

Today, all 12 major carriers in the United States, most of the nearly 100 regional and commuter airlines and many foreign airlines offer frequent flier programs under one name or another. Typically, Presidential Airways, which began regional service Oct. 10 out of Washington's Dulles International Airport, began signing up frequent fliers with its very first flights.

Many airlines not in direct route competition have teamed up to honor one another's programs. For example, bonus points accumulated on Trans World

Airlines flights are counted toward free tickets on Eastern Airlines and vice versa. There are similar ties with car rental agencies and hotel chains.

The exact number of those enrolled is the airlines' secret, as is the number of those who have reaped awards. Mr. Di Nuzzo said that American had signed up more than three million members, and travel experts estimate the industry total at more than seven million. Fewer than half, however, are estimated to be active members, and only a small minority would do enough traveling to qualify for the top awards.

Frequent Flyer magazine, a publication of the Official Airline Guides not directly related to the airline promotions, found in a recent survey of its readers that 99 percent of 17,000 respondents were enrolled in at least one frequent flier program.

But increasingly, the programs have been coming under scrutiny and criticism.

According to Representative Harold E. Ford, a Tennessee Democrat on the House Ways and Means Committee, frequent flier programs cost U.S. companies 5 percent to 7 percent extra in their travel budgets, which totaled \$66.3 billion last year.

What makes the programs so difficult to combat, the congressman and other critics have noted, is the fact that many of the beneficiaries are high-level business executives who set company policy.

Mr. Ford introduced a bill in April that would for the first time require the airlines to report to the Internal Revenue Service each year the names of those who received benefits and the dollar value of the awards. The IRS has said for several years that it was considering whether to strengthen its own reporting requirements in this area.

U.S. Acknowledges 3 Officers Flew With Egyptian Commandos to Malta

(Continued from Page 1)

said that the military officers would have been able to help coordinate additional U.S. assistance to the Egyptians if it was needed. But the Egyptian said that the military officers were sent "without any specific idea of what they would be used for."

Conflict With Cairo Version

Judith Miller of The New York Times reported from Valletta, Malta:

Assertions that Americans played a role in the assault conflict with a statement made at a news conference by President Hosni Mubarak of Egypt. He said the United States, Britain, and France had offered help to deal with the hijacking, but Egypt had refused.

On Sunday, a Maltese official confirmed that Malta had declined to permit anti-terrorism experts and listening equipment from the U.S. Delta force to land in a military aircraft. Malta finally gave permission for the experts from Sigonella to land in a private aircraft, but the approval came too late, the Maltese official said.

The experts and their equipment were in the air en route to Malta when the Egyptian commandos stormed the plane. The team turned back when it learned the assault had begun and never arrived in Malta, the official said.

The listening equipment would have enabled the team to identify the exact location of the hijackers in the aircraft, a source in Washington said.

The involvement of senior U.S. military officers in the operation raises additional questions about the conduct of the assault, Maltese and other sources said. A senior Maltese official asked why the Americans, who had reportedly trained the Egyptian forces in Egypt, had not brought the equipment they needed for such an assault with them from Cairo.

Questions are also being raised

in Maltese government circles about the competence of the Egyptian commandos, who witnesses said sprayed bullets through the plane and on the tarmac during the assault.

A Maltese source said that, based on the autopsies of those who were killed in the assault, at least four persons had died of bullet wounds, but that many more of those who perished had also been hit by gunfire. Most of the passengers died of smoke inhalation, the source said.

Investigators examining the plane and its immediate surroundings said they had found two grenades, which they believed were of Soviet origin, aboard the plane. The investigators have also found

at least two of the weapons used by the hijackers, which the sources described as of Czechoslovak origin. They said that the bullets used by the hijackers, based on their analysis of the bullets taken from passengers who were shot, were .38-caliber and had less than the normal amount of gunpowder in them.

Either the hijackers purposely removed some powder from the bullets before the hijacking so that they would not pierce the plane's shell when fired, or the hijackers had bought cheap bullets, the source said. In either case, a source close to the investigation said, the small amount of gunpowder in the bullets may help explain why most of the passengers shot by the hijackers survived.

Egypt Lets Some Troops Near Libya Take Leave

Reuters

CAIRO—Egypt has signaled an easing of tension on its border with Libya by allowing some troops to take leave, military sources said Monday.

The sources said that officers began to rotate on 48-hour home leave for the first time since an armed alert was called after the hijacking of an Egyptian airliner to Malta. Egypt's involvement in Libya with involvement in the Nov. 23 hijacking but Libya has denied it.

"The start of leave indicates things are slowly returning to normal," one source said.

Egyptian officials had said border security was stepped up after the hijacking. They denied Libyan charges that Cairo was preparing for war.

Syria said Monday that anyone considering an attack on Libya would have to face the combined strength of the two countries.

Abdel Halim Khaddam, Syria's

vice president for political and foreign affairs, issued the warning in a statement to JANA, the Libyan news agency, after arriving in Libya for a visit.

"We are warning those who are thinking of attacking Libya that they will be confronted with Libya's and Syria's capabilities together simultaneously," Mr. Khaddam was quoted as saying.

Egypt, meanwhile, is preparing for talks with Israel on the disputed Sinai coastal strip of Taba.

The talks are scheduled to resume here Tuesday for the first time since they were suspended by Cairo to protest Israel's Oct. 1 air raid against Palestinian targets near Tunis.

Foreign Minister Emad Abdel Meguid met with the Egyptian delegation to the talks, headed by Abdel Halim Badawi, and also with the U.S. team that will attend as observers.

Crisis on Singapore Exchange Widens

(Continued from Page 1)

the fall in prices would be at least as severe as if the exchanges had remained open.

"If the stock market is suspended for a long time, millions of dollars will be frozen," Finance Minister Richard Hu of Singapore said Monday, UPI reported. "I would like to warn the authorities to resume trading at once or face a major economic crisis in the country."

The Association of Banks and the Singapore exchange held emergency meetings Monday. No de-

tails were immediately available, but stockbrokers said the exchange was working out a plan to strengthen the local securities industry while banks sought to minimize losses and tighten credit lines.

"No matter what the next episode in the Pan-El crisis brings," said a report in Singapore's financial daily, Business Times, "Singapore's reputation as a financial capital will already have suffered as a result of this debacle, the gravest in the republic's financial history."

Stockbrokers expected the Singapore and Malaysian suspensions to last up to a week.

"Once you close, there is never a good time to open. Share prices are definitely going to slide," a senior bank official in Singapore said. "A prolonged closure will worsen market sentiment."

But stockbrokers generally welcomed the suspension of both exchanges because it prevented panic selling and a possible collapse of the stock market.

Brokers and bankers in Singapore and Malaysia said a number of smaller companies tied to Pan-El might be forced to close if banks did not bail them out.

The Singapore exchange suspended trading in Pan-El and two of its related companies Nov. 19, and the Straits Times Industrial Index has since lost nearly 70 points, to 691.81 Friday.

Hong Kong stockbrokers said prices were forced lower as Singapore interests sold shares in Hong Kong to raise cash.

"The retreat was widespread as local and foreign institutions joined the Singaporeans in selling," said a European broker in Hong Kong.

[In Singapore, another broker said: "The whole affair has left us numb. Almost every investor just wants to get out of the market." Agence France-Presse reported from Singapore.]

The suspensions do not spell the end of buying and selling. Traders can still come together in the so-called "gray," or unsupervised market.

U.S. Reportedly to Question Israelis

(Continued from Page 1)

issued a qualified statement of apology for Israeli involvement in the Pollard spying case.

A number of questions remained unanswered, however. Among them were whether the spying operation reached high levels of the Israeli government; whether it was coordinated with the Israeli Embassy in Washington or was, as claimed by Israeli government officials, part of an unauthorized intelligence network operating independently under the direction of Mr. Eitam; and how extensive are espionage activities allegedly carried out by LEKEM.

LEKEM long has been listed openly in Israeli government agency directories, and has routinely posted its employees to foreign capitals to gather data on science

and technology developments from the public record and other nonsecret sources.

Israeli sources said that LEKEM, under Mr. Eitam's direction, gradually evolved into an independent annex to the traditional Israeli intelligence network, headed by the Mossad.

American Jewish leaders, who are meeting here, rallied behind Israel on Monday after the government's qualified apology to the United States over the espionage case. After private talks with Mr. Eitam, they said that they considered the matter closed and that publicity would soon subside.

The Jewish leaders said they were not disturbed by what they considered was a long list of unanswered questions surrounding the case. Nor did they feel that Israeli intelligence operatives had jeopardized the standing of the American Jewish community by apparently recruiting an American Jew, Mr. Pollard, for a spying mission in his own country.

Julius Berman, former head of the Conference of Presidents of Major American Jewish Organizations, said Monday that it was "obvious" that Mr. Peres' draft of the apology—which did not explicitly admit that Israeli-sponsored espionage did take place in Washington—was coordinated in advance with U.S. officials.

Howard M. Squadron, another past president of the conference, said: "We live in a television age, and we are so inundated with information that our memories have gotten a lot shorter than they used to be. You can't really recall anything for more than a week."

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OAS Meets To Consider Changes in Its Charter

CARTAGENA, Colombia — The Organization of American States opened a special session here Monday aimed at rewriting its charter and giving the 37-year-old body increased efficiency to deal with regional conflicts, diplomats said.

The three-day meeting is being held just before the 32-nation organization's annual general assembly. The U.S. secretary of state, George P. Shultz, was to address the opening session Monday.

The OAS reforms to be considered include a plan to give the secretary-general, João Clemente Baena Soares of Brazil, executive powers modeled on those held by the United Nations secretary-general.

The meeting and the annual conference, to be attended by 350 delegates, are to last 10 days.

Foreign Minister Augusto Ramírez Ocampo of Colombia said Sunday that the OAS was ready to adopt decisions regarding its working principles.

This is not only a 72-hour meeting but the culmination of 12 years' study to see whether member countries have the political will to build a strong and effective OAS," he said.

However, diplomats doubted the planned overhaul would occur at the Cartagena meeting. They noted that the lack of political will had led to the setting up of the Contadora group in 1983 remained a problem.

The Contadora group, made up of Mexico, Panama, Colombia and Venezuela, is trying to settle differences between Nicaragua and its U.S.-backed neighbors.

Nicaragua has said it will not sign any pact until the United States halts its support for rebels fighting to overturn Managua's leftist government.

U.S. Will Continue Rebel Aid

Mr. Shultz said Sunday that the United States would indefinitely continue funding Nicaraguan rebels, the Los Angeles Times reported from George Town in the Cayman Islands.

Mr. Shultz, traveling to the OAS meeting, suggested Sunday that the United States would continue funding the rebels even if the Central American countries signed a peace treaty.

"Our commitment is indefinite," Mr. Shultz said. "It's just going to go on."



Yelena V. Kaplan, whose American husband has filed for divorce, in a Moscow park.

Russian Woman Contests U.S. Divorce

Ostracized by Her Family, She Fears Being Left 'Helpless'

By Philip Taubman

New York Times Service

MOSCOW — Like other Russians married to Americans but barred for years from joining them in the United States, Yelena V. Kaplan was caught between two cultures.

After marrying Gary D. Kaplan in 1978 while he was studying Russian in Moscow, Mrs. Kaplan was ostracized by her family and friends.

She says she corresponded regularly with her husband, who, like his father, changed his last name to his grandparents' name, Talanov, several years ago. He returned to California shortly after their marriage when his student visa expired, she said, and they often spoke on the telephone.

Then, four months ago, Mrs. Kaplan's case took a turn that she said became particularly painful in recent weeks as some of the other 20 or so Russians who have been separated from American spouses received word that they would get exit visas.

On July 29, after not hearing from her husband for several months, Mrs. Kaplan received a U.S. court document in the mail.

It was a petition for divorce, citing irreconcilable differences, filed by her husband in superior court in Auburn, California.

Since then, with the help of a sympathetic judge and two court-appointed lawyers in California, she has contested the divorce, requesting that the marriage not be dissolved because, as she wrote the court, "In our situation, divorce involves not only matters of personal relations and financial claims, but my husband's responsibility for my very life."

Mr. Talanov has refused to comment, his lawyer said. The lawyer, Rick A. Peasley of Auburn, said his client had "tried in the last seven years to get her to come to the United States but the Russians are refusing to permit it."

The lawyer said that Mrs. Kaplan's parents were scientists involved in nuclear submarine research and that "children of individuals in those positions are not permitted to emigrate."

Mr. Peasley said that Mr. Talanov, believing that permission would never be granted, wanted "to go on with his life."

"Everyone holds this unfortunate situation against Gary, like he is the villain," the lawyer said. "That is not the case. He did everything to try to get her to the United States."

Most Russians who marry Americans are permitted

to leave, according to diplomats. Last year, there were about 100 marriages between Americans and Russians, and about 80 of the Soviet spouses got exit visas, they said. Those who do not get permission rarely get a full explanation of why they are turned down.

Mrs. Kaplan, 27, says she has written her husband repeatedly since she received the divorce petition but has received no response.

"I keep asking myself," she said, "how can he do this. I always thought we would work out any problems that developed because of the long separation."

In a letter to the court, Mrs. Kaplan said there were no irreconcilable differences in her marriage. She added that divorce would deprive her of the help of the U.S. Embassy and leave her "helpless and without any protection before the biggest prosecution machine in the world."

The judge, James D. Garbolino, ruled that he would allow Mrs. Kaplan to contest the divorce. The case is to be decided next year.

Mrs. Kaplan said she hoped more Soviet spouses would be granted exit visas after last month's summit meeting between President Ronald Reagan and Mikhail S. Gorbachev, the Soviet leader.

Before the meeting, the State Department said that Soviet officials had provided a list including the names of eight Soviet spouses who were to be given permission to leave the country. So far, only three of the spouses have been notified formally that their requests will receive favorable treatment.

Mrs. Kaplan last saw her husband in April 1984, when he visited Moscow for two weeks. The trip was his first return to the Soviet Union since his student visa expired in 1978.

Mrs. Kaplan and Mr. Talanov were married in April 1978, 18 months after they met at Moscow State University.

After marrying her husband despite the objection of her parents, whom she said were mathematicians, Mrs. Kaplan said she was forced to quit the university and was denied permission to live in Moscow.

Since returning to Moscow several years ago to study at a textile institute, Mrs. Kaplan said, she has lived like a nomad, staying with American friends. She said she lived with a U.S. diplomat and his family for a year.

Mrs. Kaplan said her parents lost their jobs, apparently because of her marriage. She said all her relatives, except one grandmother, have shunned her.

"I don't have a family anymore," she said.

Democrats, Coy or Keen, Look to '88 Race

By Phil Gailley

New York Times Service

WASHINGTON — So far this year, both Senators Edward M. Kennedy of Massachusetts and Gary Hart of Colorado have declined to cross the New Hampshire state line, as some lesser-known Democratic presidential aspirants have eagerly done.

"Kennedy hasn't even called me in three months," said George Bruno, the state Democratic chairman, who was, however, not ungrateful for the postcard he received from Kennedy, where Mr. Kennedy was observing the arms control talks.

Mr. Bruno and other Democrats know it is only a matter of time before New Hampshire, which holds the first primary in presidential election years, commands the attention of presidential hopefuls.

The fact that some candidates are not ready to begin making snow tracks in New Hampshire does not mean they are not stirring.

Mr. Kennedy, the early favorite in most public opinion polls, has been talking to political fund-raisers, trying to soften his image as an ideological liberal, holding strategy sessions and giving selected interviews to let it be known that he is seriously considering the race and will make up his mind after the 1986 Senate elections.

His advisers are already mulling potential running mates and debating whether his choice should be announced early in the primary campaign. One side said that Mr. Kennedy, 53, at this point probably would choose a Southerner. Two names being mentioned are those of Governor Charles S. Robb of Virginia and Governor Mark A. White of Texas; but consideration of Mr. White would depend on his winning re-election next year.

Alides say that Mr. Kennedy's current priority is to put together a fund-raising network to make sure that his presidential campaign, if

there is one, does not run out of cash and get caught in the kind of financial bind that crippled his unsuccessful primary challenge to President Jimmy Carter in 1980.

Mr. Hart must wish he had Mr. Kennedy's basically forward-looking money concerns. The Colorado senator is still struggling to retire a debt of more than \$2 million from his 1984 primary campaign.

He has spent the last year making a series of thematic speeches to refurbish his image as a future-oriented politician. Mr. Hart, 49, plans to announce Jan. 4 in Denver whether he intends to seek re-election to the Senate. If he gives up the seat, as many think he will, his supporters will read that as an unofficial announcement of a 1988 presidential bid.

Still something of a loner, Mr. Hart has opposed the protectionist legislation that briefly engulfed both parties on Capitol Hill, and he has offered harsh assessments of what he views as his party's lack of leadership on such issues as the federal budget deficit.

Governor Mario M. Cuomo of New York says his only political interest is in winning re-election next year. He has raised more than \$9 million for his campaign chest, perhaps, some suggest, to assure that no Republican challenger will be able to deprive him of a convincing re-election victory that would improve his presidential rating.

Martin Steadman, the governor's spokesman, said of speculation about Mr. Cuomo's interest in presidential politics: "He doesn't talk about it, and there is no game plan. I sense that this guy's whole method of operation is to tackle the issues and see where that takes him."

One issue Mr. Cuomo tackled was President Ronald Reagan's proposal to end the deductibility of state and local taxes as part of the administration's tax overhaul bill.



Edward M. Kennedy



Gary Hart

The bill written by the House Ways and Means Committee would preserve these deductions.

Mr. Cuomo, 53, may have gotten more out of the tax issue politically than has Representative Richard A. Gephardt, Democrat of Missouri, who identified himself with the issue more than two years ago.

Since then, Mr. Gephardt, who is already stirring in Iowa and New Hampshire, has moved on to the issues of trade policy and budget-deficit reduction in his effort to establish a reputation for political leadership.

Mr. Gephardt, 44, is chairman of the Democratic Leadership Council, an independent group of elected officials whose message is that Democrats must change their ways and their agenda if they are going to reconnect politically with "mainstream" voters.

Governor Bruce E. Babbitt of Arizona and Governor Robb, who are reported to have national political ambitions, have also used the council to gain visibility.

Senator Joseph R. Biden Jr., Democrat of Delaware, has been

drawing rave reviews for his stump performances from Maine to California. He is scheduled to be the keynote speaker at the state Democratic Party dinner in New Hampshire next February, an invitation he sought. But he says he is "not prepared to make a commitment for '88."

Judging from his standard stump speech, Mr. Biden, 43, who is regarded as one of the best orators on the political circuit, could be a spiritual rival to Mr. Hart in competition for younger voters. His speeches bubble over with passion and inspirational themes, with the words of poets and Democratic heroes.

He quotes Goethe, and, like Mr. Hart, he is fond of quoting former President John F. Kennedy. And just as Mr. Hart lectured his party in 1984 on lacking vision and pandering to special interests, Mr. Biden is preaching a similar message, with equal audacity.

U.S. Warns China on Envoys' Activities

By Jim Mann

Los Angeles Times Service

BEIJING — The U.S. government recently warned China that Chinese diplomats have been conducting what are considered to be improper and clandestine activities in the Los Angeles area, according to a knowledgeable source.

In one instance, the source said, a diplomat was found to be involved in the establishment of an organization for Chinese students in Los Angeles. In another case, a Chinese diplomat quietly attempted to purchase real estate in the Los Angeles area without the permission of the U.S. government.

American officials "had to tell them to knock it off," said the source. The Chinese Foreign Ministry would not comment on the reported activities.

On Nov. 22, law enforcement officials arrested a former CIA employee, Larry Wu-Tai Chin, on charges of spying for China over a period of more than 20 years. China has denied the charge. There was no indication of any connection between Mr. Chin's arrest, which was the result of a two-year investigation, and the U.S. warning to China concerning its diplomatic personnel in Los Angeles.

Both actions, however, appear to be the result of heightened interest by the FBI in uncovering possible

Chinese intelligence activities in the United States.

It was not clear why the Chinese diplomat was seeking to buy real estate in Los Angeles or where the property was located.

The attempt to set up a student group apparently was aimed at keeping watch on the steadily increasing number of young people from China at American colleges and universities.

China now has 13,000 to 14,000 students in the United States. They sometimes find themselves outnumbered by Chinese-speaking classmates from Taiwan, which has more students in the United States than does any other country.

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Thai Border Area Braces for Offensive

By William Branigin
Washington Post Service
BANGKOK — Thai military forces, Cambodian guerrilla groups and more than 300,000 Cambodian and Thai civilians are bracing for another seasonal offensive by Vietnamese troops along the Thai-Cambodian border amid conflicting reports about Hanoi's intentions.

As Vietnam approaches the seventh anniversary of its December 1978 invasion of Cambodia, the prospect of a bloody annual exercise — the dry-season offensive against Cambodian resistance groups — has aroused more than the usual fear because of the high vulnerability of Cambodian refugees encamped on the Thai side of the border.

In recent months, Thailand has been moving to consolidate refugee settlements into three main "evacuation sites." This has made them easier to control and administer, but also more vulnerable and harder to move to safety in the event of a Vietnamese attack, Western relief officials say.

Contributing to the Cambodian anxieties have been reports

from the Thai military and from Cambodian resistance groups of a Vietnamese buildup in preparation for the dry season, which runs from November to May.

But the Vietnamese insist that they have no intention of attacking along the 450-mile (730-kilometer) Thai-Cambodian border or of hitting the refugee camps in Thailand.

Some Western diplomats and Thai military sources are inclined to take Hanoi at its word this time. They point out that the main resistance problem for Vietnam this year is in the Cambodian interior.

The largest of the three resistance groups, the Khmer Rouge, has stepped up its activities inside Cambodia in recent months, ambushing Vietnamese troops and recruiting Cambodian youths in rural areas, intelligence sources say.

Khmer Rouge units have been sighted less than 10 miles from the Cambodian capital, Phnom Penh, the seat of the Vietnamese-installed government of President Heng Samrin. Last month, rockets fired by the Communist rebel group landed in the capital's northern suburbs about three miles from the city center, the sources said.

According to a Western diplomat based in Hanoi, the Vietnamese now admit that there are as many as 10,000 Khmer Rouge troops inside Cambodia. Western estimates generally put Khmer Rouge strength at 30,000 to 40,000 guerrillas.

By contrast, two non-Communist resistance groups, the Khmer People's National Liberation Front, which is led by former Prime Minister Son Sann, and the National Army, headed by Prince Norodom Sihanouk, have not done as well in mounting guerrilla operations in the interior.

Particularly disappointing to its backers has been the performance of Mr. Son Sann's group, the largest non-Communist resistance group, which has been practically paralyzed by internal squabbling since the last Vietnamese dry-season offensive.

That offensive, which ended earlier this year, destroyed every major resistance base on the Cambodian side of the border, forcing nearly a quarter of a million Cambodians to flee to the evacuation sites in Thailand. In a departure from previous tactics, the Vietnamese this year remained in their forward positions along the border through the rainy season in an effort to cut guerrilla infiltration.

Vietnamese military and government officials told Western visitors recently that there was no need for a big campaign on the border this year because, as one Hanoi official was quoted as saying, "there is nothing to launch a major offensive against."



FEET FIRST INTO JAIL — Rich Simmons, a police officer in San Diego, holds onto a strap attached to the feet of a burglary suspect. The suspect was stuck in an air vent for 48 hours at a branch of the Sumitomo Bank.

Pope Pledges Openness To Synod's Conclusions

By Kenneth A. Briggs
New York Times Service

ROME — Pope John Paul II pledged to remain open to the suggestions and conclusions of the extraordinary Synod of Bishops being held in Rome.

"I have followed and will continue to follow the work with an open heart and attentive listening to the members of the synod," the pope said in his Angelus message Sunday.

Noting that the two-week synod had reached the halfway mark, the pope asked his audience of about 20,000 in St. Peter's Square to give thanks for "the grace" that had guided it.

The pope's words reinforced his appeal at the start of the synod Nov. 24, when he called on the bishops to remain open to the "new vistas" of the Second Vatican Council, whose effects the synod has been assigned to explore.

Before the synod, some liberal Catholics feared that the pope would take a direct hand in guiding its actions along conservative lines. But John Paul has remained non-committal about the synod's direction and buoyant toward the work of Vatican II, which ended 20 years ago.

His message Sunday helped further dispel the likelihood that he would in any way undo Vatican II's vast transformation in the church's thought and practice.

John Paul said that he had received from the words of the synod's bishops "a fervid testimony of their love for the church," and he praised their devotion to the ministries they have been given.

The question of the pope's stance has shifted from whether he would endorse Vatican II to how strictly he interprets its concepts. Debate turns more and more on whether to observe the letter or the spirit of Vatican II's decrees.

The synod has been summoned to give the pope advice but lacks

the authority to set policy. The pope will review the meeting's findings and decide what to do with them.

The bishops have already decided to issue a pastoral message at the end of the synod. A committee will write the message and, after discussion by the synod, the pope will be asked to approve it.

Beyond that, the bishops could decide to write another document offering conclusions on concrete matters. That decision has yet to be made.

Question of Apology to Jews

Cardinal Johannes Willebrands said Monday that it was premature for the Catholic Church to consider asking the forgiveness of Jews for centuries of persecution. The Associated Press reported from Rome. A group of Italians recently signed a petition requesting that the synod issue such a statement. Vatican II had condemned anti-Semitism and recognized the spiritual bond between Christians and Jews.

"We still need much more confidence between the two communities before a statement like that could be taken seriously," said the Dutch cardinal, who is president of the Vatican Secretariat for Christian Unity.

Only when there is such an atmosphere of confidence, he said, would it serve a purpose. "Otherwise," he said, "such a document will not be accepted as real."

In his synod speech last week, the cardinal called for greater efforts to eradicate anti-Jewish sentiments in the church.

"The council introduced a real, almost miraculous conversion in the attitude of the church and Catholics, but ignorance and distrust are a heritage that cannot be overcome in 20 years," he said.

The petition, signed by Italians in the Rome area, was delivered on the eve of the synod by an auxiliary bishop of Rome.

East German Defense Minister Dies

Reuters

BERLIN — General Heinz Hoffmann, 75, the East German defense minister, died of heart failure Monday, the ADN news agency reported.

General Hoffmann, who helped organize the building of the Berlin Wall in 1961, was also a member of the Communist Party's ruling Politburo.

Western diplomats said General Hoffmann played a principal role in building up East Germany's armed forces into one of the most efficient and politically reliable bodies in the Warsaw Pact.

Philip Larkin, Poet Of U.K.'s Welfare State
LONDON (AP) — Philip Lar-

kin, 63, the popular British poet who declined to become poet laureate, died Monday.

Although he wrote sparingly, Mr. Larkin was regarded by other poets as Britain's best. He was also a novelist. He wrote poetry without mysticism, about people living ordinary lives in ordinary streets. His was a Britain without empire or ambition, the welfare state.

His poetry was noted for its sad and melancholy tone. The following example, from the poem "Money," also reflects an element of whimsy and resignation:

Clearly money has something to do with life.
— In fact, they're a lot in common, if you enquire.

You can't put off being young until you retire.

On the death of Sir John Bejman in 1984, Mr. Larkin was asked to be poet laureate, a position that requires the holder to furnish verse for state occasions, but turned it down. The position went to Ted Hughes.

Other deaths: Sergei Gerasimov, 79, a leading director and actor in the Soviet film industry for more than 60 years, Thursday. Tass reported Friday from Moscow.

Yosef Zartok, 94, a painter who headed a maverick Israeli artistic movement called New Horizons, Saturday in Tel Aviv.



Heinz Hoffmann

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

IN RE NORTH ATLANTIC AIR TRAVEL ANTI-TRUST LITIGATION

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In South Africa, A Harsh Lesson In Faded Hopes

Officials, Black Pupils Dig In Over Boycott

By Alan Cowell
New York Times Service

SOWETO, South Africa — Each morning, the father said, he washes and dresses and heads off to work, leaving behind a daughter whose fate for the day he will not know until evening.

In normal times, the man said, his 16-year-old daughter would be at school and he would not be so worried about her future. But schools and year-end examinations are being boycotted by many high school students in this sprawl of segregated, black housing outside Johannesburg, so the concerns are different.

"The doctors are saying the rate of teen-age pregnancy has risen tremendously because of the boycotts," said the man, an insurance clerk who works in Johannesburg. "And crime will come, teen-age crime."

And there are the protests that sometimes erupt here, he said, and the army patrolling streets in armored trucks designed for bush warfare.

Then, he added, there is the question of next year, if the school boycotts continue into 1986, to the 10th anniversary of the black uprising in June 1976. That was the previous benchmark of black protest before the latest turmoil began in September 1984, claiming so far more than 850 lives and prompting the authorities to declare a state of emergency in 38 districts.

"The black community in South Africa," the man said, "is facing up to its harshest year. The schoolchildren are saying that if they don't go to school next year, then the parents won't go to work either."

The implication, he said, was that student coercion would be extended to those who make the daily trek to jobs 10 miles (16 kilometers) away in Johannesburg.

In theory, this should be a time of hope and trepidation. The qualifying examinations that determine university entrance have been taken and the results are not yet known. In theory, many teen-agers should be caught in the fretful hiatus between high school and college.

But after 21 months of unrest in some non-white schools and 14 months of violence in some nonwhite residential areas, the hopes of many are blighted.

In Soweto, for instance, 6,600 high school students should have taken their final examination, known as matriculation. But it is estimated that only 350 completed the test because of boycotts, supported by many and sometimes enforced on reluctant peers.

In the Cape peninsula, about half of the 8,000 mixed-race students supposed to complete the matriculation examinations failed to do so, either out of commitment to a cause whose slogan is "liberation first, education later," or because they were prevented from doing so by squads of students who disrupted examinations with fire-hoses.

Those that did take the examination did so under army guard. In other schools, teachers said, students forced to their classrooms by a police ruling that they must attend school sat under police guard during examinations but



Youths chanted and gave black-power salutes as they carried the coffin of a demonstrator killed during recent protests in the black township of Leandra.

filled their papers with doodles or revolutionary poetry.

"The school is associated with everything they hate," said Peter Nixon, headmaster of Woodmead, a multiracial, mostly white school outside Johannesburg, in reference to segregated black schools. "It is a symbol of inferiority, state control. It is a symbol of incompetent and lazy teachers. It is a symbol of everything that makes their teen-age years of very little value, so it's a natural target for them."

And, as with so many other of the intertwined strands of the nation's crisis, the present is haunted by a past of indignity and neglect.

In the 1950s, apartheid's designers formulated the notion of Bantu education, a formula drawn from the tenets of the day that held there was no need to educate blacks beyond the levels of the manual work they would be required to perform as noncitizens of white South Africa.

Three decades later, the authorities have acknowledged the permanence in South Africa of millions of what are called urbanized blacks, and business leaders say they wish to draw black talent into their corporations.

Yet the generation of teachers at the nation's segregated schools for blacks are the products of the educational system of the 1950s that accorded blacks a permanently inferior status. Four-fifths of the teachers have not completed high school themselves.

The statistics that frame South Africa's miseries tell their own story. In 1984, the state spent a total of 234 rand (890) on the education of each black child, compared with 569 rand for each child of mixed race, 1,088 rand for each child of Indian descent and 1,634 rand for each white child.

The authorities say the proportion spent on blacks is low, in part, because black teachers are underqualified, and so their salaries are lower than those of qualified white teachers.

Then, there is the pupil-to-teacher ratio, 40 to 1 for blacks, 19 to 1 for whites. Whites may

generally study in peace and at leisure. But a survey among 815 black pupils in the remote Eastern Cape earlier this year showed that most lived in cramped homes.

The rates of examination success reflect the pattern. Only a quarter of black students entering a secondary school reach the final year of study, known as Standard 10. The number of those qualifying for university entrance has risen from 3,236 in 1978 to 9,356 in 1984, but those figures, according to official statistics, represent a drop in the proportion of contenders qualifying for university from 33 percent to 11.3 percent.

Mr. Nixon, the Woodmead headmaster, said applications for places by black parents had risen by four or five times this year because they were seeking schools that operated all year round.

In Soweto, parents have formed a Soweto Parents Committee to negotiate with the authorities. But, according to a spokesman for the group, it has reached a stalemate in negotiations with the white authorities.

"We say, 'Get the troops out of the township, and there'll be an atmosphere conducive to lifting the boycotts and getting education going again,'" the spokesman said. "They say to us, 'You make the atmosphere conducive and we'll remove the troops.' It's Catch-22."

The parents, the spokesman said, may not negotiate without the consent of their children, who have set terms and demands, primarily for the withdrawal of the army, the release of detained students leaders and the deferral of the year-end examinations until next year.

Where is it leading? The answer, among many educators, was that with recession biting deep, unemployment and disaffection seemed the only prospects for many young blacks.

"The kids realize there is no hope," the spokesman for the Soweto parents committee said. "There will be a gravitation towards more militancy."

Ethiopia Closes French Relief Agency

The Associated Press

ADDIS ABABA, Ethiopia — The government announced Monday that it was halting the Ethiopian operations of the French relief organization Doctors Without Borders and taking over the agency's programs.

The action culminated a six-week dispute between the government's Relief and Rehabilitation Commission and the private French group, which had criticized aspects of the Ethiopian famine relief effort, including a government program to resettle hundreds of thousands of famine-stricken people.

Berhane Deressa, the deputy head of the commission, said the French agency's staff members "are not doing their work since they started this campaign," a reference to the criticism. "The people they are supposed to be serving are suffering as a result," he added.

The commission called criticism of the government by Doctors Without Borders "politically motivated" and its "refusal to follow norms and procedures" had "not only cast doubts on the motives of the organization but also seriously undermined their field work."

Because of this, the statement said, the commission "decided to discontinue the services" of the organization as of Monday.

Mr. Berhane, in a telephone interview, said the government did not intend to expel individual staff members and indicated that they would be permitted to join other relief agencies.

The statement denied charges that tens of thousands of people had died as a result of Ethiopia's resettlement program and that an application by Doctors Without Borders to open an emergency feeding center had been rejected.

Michel Fizab, director of the Doctors Without Borders office in Ethiopia, said earlier Monday that the government had grounded an airplane used by the organization and indicated it might bar the entry of replacements for its current staff. He said the agency has been working in Ethiopia since the spring of 1984 and has 29 staff members in the country, including seven doctors.

Officials of Doctors Without Borders have estimated that tens of thousands of people who have been resettled in the southern part of the country had died of malaria and other causes. The organization has called for a temporary halt to the resettlement program, which has a high priority for the government, while an international inquiry was conducted.

Famine Eases in Korem
Blaine Harden of The Washington Post reported earlier from Korem, Ethiopia: There was a party here last week

for three French nurses from Doctors Without Borders who are leaving the feeding center at Korem.

Parties being a rare commodity in these highlands, it had been planned and talked about for weeks.

But for all the planning and anticipation, the going-away party was a subdued, almost melancholy affair. The three nurses who were leaving would not be replaced. Replacements, it had been decided, would not have enough work to do.

The feeding center at Korem is losing its reason for being. There

were 55,000 people here last year, most of them starving and sick. At the end of last week, there were about 15,000. By Ethiopian standards, they are well fed and healthy.

Places like Korem breed disease when they are beyond the control of medical workers, as Korem was for more than half a year. Once brought under control, as Korem has been for the past few months, they breed dependency. Relief workers agree that the sooner Korem is emptied, the better.

And yet for the nurses and doc-

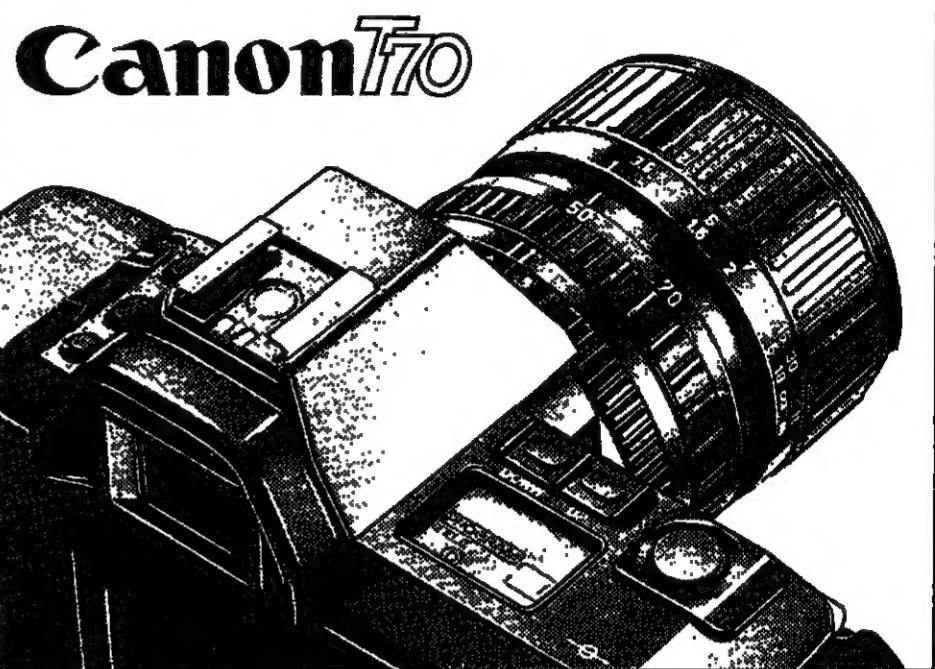
tors who left their jobs in European hospitals to come to Ethiopia, there is a wistful feeling that perhaps the best and most useful time of their lives is ending.

"There was so much to do when I got here," said Valery Thomas, 29, the senior nurse at Korem's child-feeding center run by the British chapter of Save the Children.

"Children were near death all around you. If you didn't get an IV into them within two hours, they would die. It was terrible, but it was very exciting," said Miss Thomas, who has been here since May. Now, she said, "It is a bit dull."

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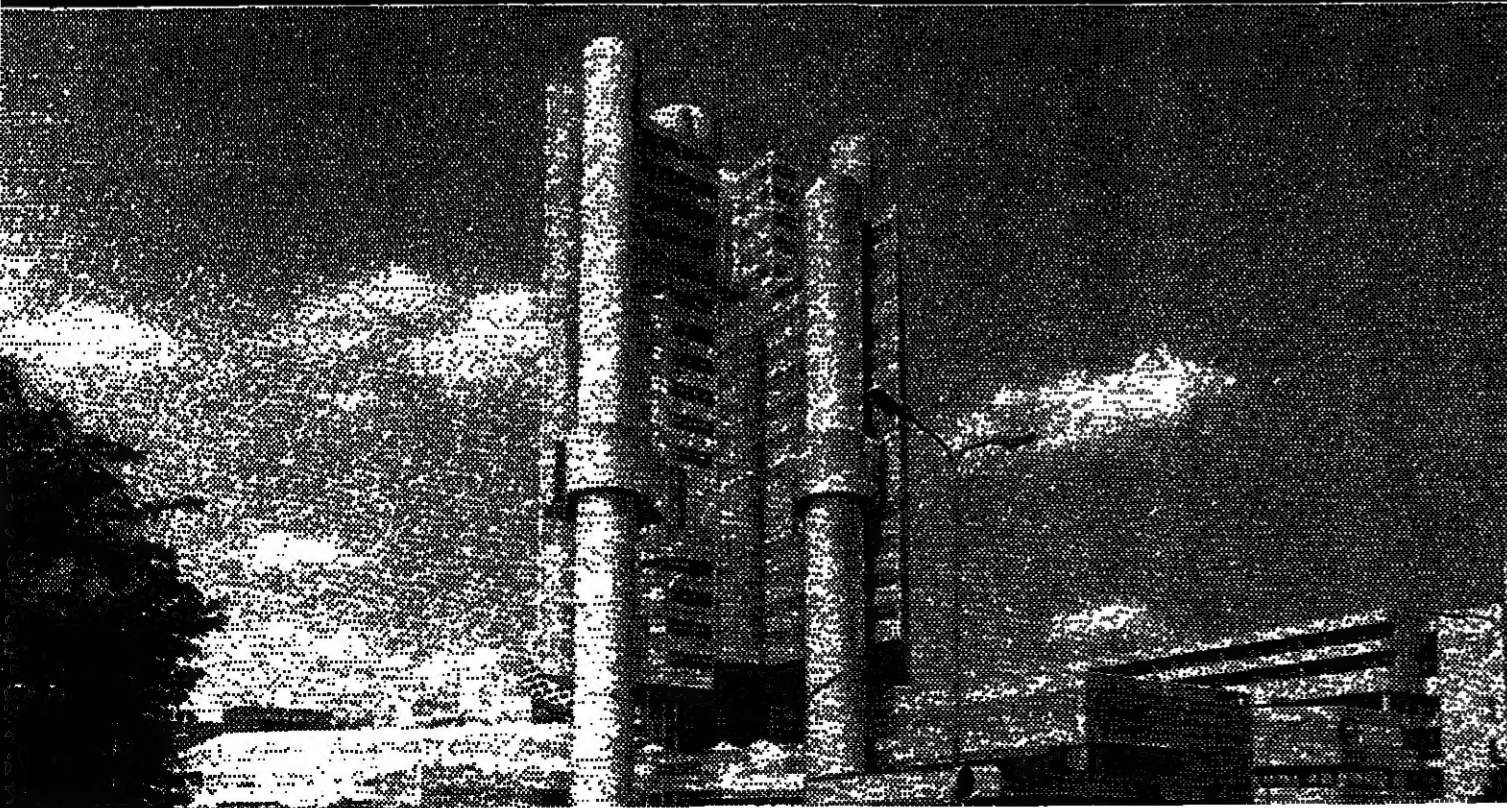
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A Regional Nuclear Race

The nuclear arms race between India and Pakistan has progressed with disquieting speed in the past year. Both countries continue to deny that they have nuclear weapons or intend to build them. It may well be true that neither actually has a bomb at this moment, but the evidence strongly suggests that both are working rapidly toward a capability to produce nuclear weapons very quickly — and more than one of them — in a crisis.

Last winter President Mohammed Zia ul-Haq announced that Pakistan had succeeded in enriching uranium to the low level required for power reactors. That implies a capacity to enrich to the higher grade required for weapons. The work is being done at a facility that Pakistan has never opened to international inspection. In July, ABC News reported that Pakistan had successfully tested the trigger device for a nuclear bomb. In August, India said it had started up its new research reactor — an unusually large machine for research — and emphasized its plutonium output. It is not open to international inspection. India demonstrated in 1974 that it knows how to produce an explosion. Its present supply of plutonium is enough for 15 or more weapons a year.

The pattern of these events is laid out in detail by Leonard S. Spector of the Carnegie Endowment for International Peace in his book "The New Nuclear Nations," the second in a valuable series of annual assessments.

Other countries will doubtless always have far fewer of these terrible weapons than the United States or the Soviet Union, but the chances that the others will use them, if they have them, are certainly no lower. Among the countries that either have built nuclear weapons covertly or have recently been working toward them, two — Israel and South Africa — are surrounded by hostile neighbors. Others are locked in sharp regional rivalries. Argentina and Brazil seem to have slowed down their respective military nuclear programs since they recently returned to elected government. But Indo-Pakistani tensions appear to be considerably less under control.

Mr. Spector points out that President Reagan — contrary to the impression that his own words sometimes leave — has been playing a useful role there. A year ago he sent General Zia a letter apparently suggesting that Pakistan would jeopardize the flow of U.S. aid if it began producing weapons-grade uranium. When India's Prime Minister Rajiv Gandhi was in Washington in June, Mr. Reagan persuaded him at least that the United States was seriously trying to restrain Pakistan.

And perhaps Pakistan will not build a bomb. But both it and India are still working hard to put these weapons within their easy reach. By no means all of the world's nuclear dangers are under negotiation in Geneva.

— THE WASHINGTON POST.

Alarming Trade Deficits

The United States ran a merchandise trade deficit of \$11.5 billion in October, the Commerce Department says. That is less than the tremendous \$15.5 billion reported in September — which is nice but unfortunately is also irrelevant. Variations from month to month are being caused by irregularities in processing the Customs data on which these statistics are based, rather than by fundamental changes in the trend. The trade deficit is now running about \$140 billion a year and will probably continue at that level through next year.

These continuing trade deficits are a signal that Americans are consuming more than they produce. The deficits are being financed by foreigners and, like any lenders, they are collecting interest. The weight of those interest payments is beginning to make a difference in the way the American economy behaves.

Analogies with family finances have their limitations, but in this case the analogy works pretty well. Suppose a family saved its money diligently, invested it and, as the years went by, began to enjoy a steady stream of dividends and interest. That would enable it to spend more than it earned in its weekly paychecks. And that is roughly the situation that the United States had achieved by 1981, when its investment income from abroad came to \$34 billion. Although it ran a trade deficit that year of \$28 billion, the deficit was harmless because the investment income covered it with \$6 billion to spare, which was reinvested abroad.

1981 was a pivotal year when the Reagan administration set a tone of national optimism and good cheer based, in economic terms, on the chronic and increasing overconsumption that has continued for four years.

To return to the family: It stopped saving and started spending more money, which was good for everybody's morale. When it exceeded its income, it borrowed. Eventually its interest payments equaled its investment income. Then, as it continued to borrow and interest obligations continued to rise, it found itself with less money to spend than it was earning.

That is the position in which the United States is now beginning to find itself. That \$34 billion-a-year cushion of foreign investment income in 1981 had shrunk to zero by the middle of last year. By now it has probably reversed to a net outflow, and the outflow will increase as long as the trade deficits continue.

When the foreign lenders decide to cut down additional lending, as lenders eventually do, Americans will feel the weight of those accumulated interest payments. Like the family in the example, the country will have less to spend than it is earning. If overconsumption helped generate the national mood of good feelings of the past four years, it is troubling to speculate on the political effects of the enforced underconsumption that must follow.

— THE WASHINGTON POST.

A One-Sided Sex Pitch

"A family is formed when a child is born," Senator Daniel Patrick Moynihan of New York said in a lecture last spring. "When an untended teen-ager gives birth, a broken family is formed." More than 270,000 broken families are formed every year in the United States. And those 270,000 mothers are only a quarter of America's pregnant adolescents. There are more than a million yearly half miscarriages or abortions, a fourth mostly marred.

What do these youngsters have in common? Not poverty, youthful sexual activity is hardly restricted to the poor. Nor race. The pregnancy rate among black teen-agers is high, but the white rate exceeds that for adolescents in France, Sweden, England, Canada, Wales and the Netherlands. What these American girls have most importantly in common is America — the undisputed champion of the sexual sell.

What has America done to prepare its children for life in a country where sex is used to hawk everything from jeans to detergents —

and whose citizens are told to "have good sex" as routinely as they are advised to "flow their teeth"? Until recently, next to nothing. Contraceptive counseling and sex education in the schools have suffered constant attack.

But Americans are not as reluctant to acquaint their children with sex as such quasi-censorship suggests. Last winter a survey sponsored by the American College of Obstetricians and Gynecologists showed support for sex education: 54 percent of the female respondents said it should start in elementary school. Last month a study sponsored by Planned Parenthood reported similar findings. Yes, said 85 percent of those polled, sex education should be part of the school curriculum.

If recognizing a problem is halfway to solving it, America may finally be on its way to doing something about children who bear children. Otherwise, the number of broken families formed every year will keep on growing.

— THE NEW YORK TIMES.

Other Opinion

Moscow and Southern Africa

The visit to Moscow of Robert Mugabe, Zimbabwe's prime minister, gives rise to fears that the Russians are about to forge stronger links with the front-line states to bring down the South African government. The indications are that Russian policy is directed not toward the rapid overthrow of the Pretoria government but rather to a long period of

destabilization leading only eventually — if possible — to the establishment of a government dominated by Moscow. Commercially, it would increase the market for Soviet minerals if the Western source of supply were cut off or reduced. Politically, a sympathetic Marxist regime in Pretoria would have obvious benefits in what remains an important strategic part of the world. But the Russians are in no hurry.

— The Times (London).

FROM OUR DEC. 3 PAGES, 75 AND 50 YEARS AGO

1910: Toward Secession by Ireland?

PARIS — To the American onlooker the English political crisis bears a striking resemblance to the one which ended in the American War of Secession. It is plain that complete separation, not mere local autonomy, is John Redmond's aim. The Redmondites, when the oratorical embroidery is stripped off their arguments, claim the right to secede from one political organization and form another on a basis of absolute independence. That was the very claim which the Northern states contested and defeated in four years of bloody war. Is history about to repeat itself? The secession of Ireland from the United Kingdom means disintegration of the Empire. It also means the beginning of a fierce internecine war, envenomed by religious intolerance.

1935: French Wine From Heaven

DINAN, France — A red rain has been disturbing the citizens here. A local druggist caught a tumblebug and when it proved to be rose-colored, the inhabitants predicted the direst calamity was about to befall the town. The druggist decided to analyze the rain. It contained alcohol, fruit juice, all the ingredients of good wine, even sugar. Explanation was given by Georges Rodillon of the Association of Biological Pharmacists. He referred to an issue of the "Revue des Deux-Mondes" in which Georges Fabry, of the Academy of Sciences, explains the mechanism of fog and dusts whereby rains of mud or pollen are frequent. It is believed minute bits of fruit containing sugar were transported here by a wind during the rainy season and underwent fermentation.

INTERNATIONAL HERALD TRIBUNE

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France. Tel.: (1) 47.47.12.65. Telex: 612718 (Herald). Cable: Herald Paris. ISSN: 0254-9022.

Directeur de la publication: Walter N. Thayer.

Managing Dir. Asia: Mahlon Glen, 24-34 Hengway Rd., Hong Kong. Tel. 5-285618. Telex: 61170.
Managing Dir. U.K.: Robin Macdonald, 65 Long Acre, London WC2. Tel. 636-4802. Telex: 360200.
Gen. Mgr. W. Germany: W. Lamberbach, Friedberger 15, 1000 Frankfurt/M. Tel. 69/78753. Telex: 416721.
S.A. en capital de 1,200,000 F. RCS Nanterre B 73201126. Commission Paritaire No. 41327.
U.S. subscription: \$322 yearly. Second-class postage paid at Long Island City, N.Y. 11101.
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The Elements, Not People, Cause Desert

By Farouk El-Baz

This is the first of two articles.

LEXINGTON, Massachusetts — Films of the drought disasters in Ethiopia, Sudan, Mozambique and other African countries are heart-wrenching. Almost as disturbing, though, are the perceptions of cause and effect that pervade most comment on the situation.

Many experts would have us believe that somehow the people involved bear responsibility for their misfortune. We are repeatedly told that it is the nomads in these parched lands who ruin the environment. They misuse the land, we are told, chop down the trees, allow their animals to overgraze. Thus the place becomes a desert.

The impression is conveyed that the desert is man-made. This mistake is typical of the simple-mindedness of blaming all the ills of the Earth on mankind. If this misconception were simply naïve and rather harmless, it would not matter. But accepting it may be counterproductive, because it has two very dangerous implications.

It suggests that the people who live in the dry parts of the world ruin their environment because they do not understand it. With this assumption goes the arrogant notion that our "consultants," academics and development planners know the desert better than local inhabitants do.

And the misconception insinuates that because such "ignorant" and underdeveloped people make the desert, then our new technologies and scientific techniques can surely fix it.

In reality, deserts form in any segment of the land masses of the Earth for one reason alone: scarcity of rain. The term "desert" came to us from an Egyptian hieroglyph pronounced "t-s-r-t," which means abandoned or forsaken. This idea correctly implied that today's deserts used to be kinder places in which there was life.

From rain sprang abundant vegetation, and that rain allowed animals and humans to roam

moisture-laden air rises, it cools and the moisture condenses to form clouds. As the clouds continue to climb, their moisture cools into droplets, and beads of rain fall to Earth.

Most tropical clouds burst into precipitation between latitudes 15 degrees north and south. The resulting heavy rains not only account for the lush tropical forests, they also foreshadow the aridity of the lands lying in higher latitudes. The same air mass that soaked the rain forests is now cool and contains little moisture.

Winds force the cool air downward, and as it circulates back toward the Earth's surface the air warms up again. This descending dry air becomes a hot breath blowing across land masses in rainless belts wherein exist some of the world's most arid lands: the Sahara of northern Africa, the Arabian Desert and the Taklimakan Desert of Central Asia. In most of the two belts that girdle the earth between 15 and 30 degrees north and south of the equator, the desert reigns.

Changes in the amount of energy received from the sun, which are related to the 11-year sunspot cycle and the corresponding magnetic activity, constantly shift desert boundaries. These changes cause floods as well as droughts.

My studies of the records of water levels of Lake Nasser behind the Aswan High Dam depict a complete picture. The levels of water were dangerously low in 1973 and 1984 after periods of African droughts in 1968-1971 and 1980-1983; this corresponds with the period of highest sunspot activity. Furthermore, both periods were followed by dangerous floods in 1975 and 1985, at the peak of lowest sunspot activity.

This cycle is superimposed on a rhythm whose phases last for thousands of years, that of alternating wet and dry climates in the desert, which are related to global changes in the Earth's atmosphere and perhaps to the ice ages. In today's African deserts, which straddle the tropics of Cancer and Capricorn, I have encountered bones of animals, ostrich eggshell fragments and human-made tools, pottery, grinding stones and pot fragments. Such remains betray the prevalence of milder weather in the past.

The relics are usually arranged as chapters of a book. In successive layers of sediment, they tell the continuous saga of alternating wet and dry climates. In the eastern Sahara, and particularly in the western desert of Egypt, the earliest human habitation sites flourished in a period of rain that prevailed 180,000 to 200,000 years ago. My research team has established that this was followed by a period of scorched dryness.

The next rainy period came about 60,000 years ago, and was again followed by a dry episode.

Then came another wet chapter in the history of the Sahara about 25,000 years ago.

Those aligned by the southward march of the Sahara, which they blame on recent overpopulation, should know that 20,000 years ago, during the last ice age, the borders of the Sahara were

more than 300 miles farther south than they are today. That dry episode left sand dunes so enormous that they are visible in space photographs. The last wet episode persisted from 10,000 to 5,000 years ago, which is the time of initiation of civilization along the banks of the Nile.

The lesson to be learned is that the desert forms when the global circulation pattern of the atmosphere limits the amount of rain.

According to my observations during a dozen journeys into the Sahara, that desert was born of water and shaped by the wind. Its flat terrain was the result of thousands of years of erosion of rock



by running water during rainy climatic episodes. The force of the water dismantled mountains grain by grain, dug wide channels in the plains and deposited layers of sediment in lakes that formed in the lowest areas.

With the onslaught of dry climates, the wind takes over. It whisks fine particles of the Sahara into the atmosphere, which travel across the Atlantic and descend into the Caribbean, rendering the sunsets of Miami yellow. As dry conditions persist, the wind lifts grains of sand and accumulates them into marching dunes.

Today's misery in the arid lands of Ethiopia and Mozambique is caused by an enduring drought. Similarly, persistent drought caused the devastation of the Sahel a decade ago. The problem is that drought is not a one-time event.

Knowing all this, what is it that we should do?

The writer, a Massachusetts geologist, was science advisor to the late President Anwar Sadat of Egypt and is a former director of the Smithsonian Institution's Center for Earth and Planetary Studies. He contributed this comment to The Washington Post.

The Sahara was born of water and shaped by the wind. Its flat terrain was the result of thousands of years of erosion of rock by running water during rainy climatic episodes.

the land. Then the clouds gradually disappeared. These places dried up and were deserted by plants, animals and man. The deserts are where they are not because of some accident of mine, but because of the rhythmic patterns of global circulation of air masses in the Earth's atmosphere, which are fueled by energy from the sun.

Heating of the air by the sun's rays causes it to rise in the atmosphere. If the air being heated is over an ocean, moisture is picked up by evaporation. Since the sun's energy is strongest over the equator, tropical storms that form over those oceans tend to contain a lot of water. As that hot

Calling the Soviet Union Equal Doesn't Make It So

By William Pfaff

PARIS — A driving motivation of Soviet leaders since World War II has been to have the U.S.S.R. acknowledged as the "equal" of the United States. Before the war the Soviet Union had deliberately isolated itself; its role was that of a rogue state, a revolutionary power that challenged all the others. The terrific victory over Nazi Germany, after an unparalleled ordeal, made it possible for the Soviet leaders to think of their nation in a different way.

The developing conflict with America conformed to the Soviet ideological conception of a world divided between revolutionary and counterrevolutionary forces. But of course this conception, while theoretically attractive, drew its emotional power from its rationalization of traditional Russian nationalism.

Ideology and nationalism are both at work, then, when the Soviet government demands recognition of a Soviet role in world affairs equal to that of the United States, the concession of equal military influence and Russian-American consultations on the Middle East, the crisis in southern Africa and so forth. There are Americans who argue that if this were done, Soviet-American relations would enter a happier stage.

The trouble is that saying things are equal doesn't make them so. No one in the U.S. government, and few informed persons elsewhere in the world, really think that the Soviet Union and the United States are equal powers — other than in the strategic nuclear forces they possess. (Whether these are exactly or substantially equal is obviously a technical argument as well as a heavily charged political one. Few would argue, however, that the two countries are not "equal" enough in the damage they can do to one another for existing inequities to be disregarded.)

On military strength overall, many say the Soviet Union is superior. Such was a theme of Ronald Reagan's first presidential campaign in 1980. Soviet conventional forces certainly are more numerous than those of the West, and Soviet naval and air forces are expanding.

Once one steps outside the military domain it is a different matter. The

Soviet Union claims an equal political role. It wants something like a condominium with the United States over world affairs. It even thought a decade ago that it had it. To Moscow, condominium was the implied significance of détente. The two big powers would make the decisions about the future of Europe, the Middle East and so forth. It was not to

material amenity in Russia certainly bear no serious comparison with what exists in Western Europe and the United States. The Soviet economy is backward and no one has yet found a way to make it work well within the existing administrative apparatus and planning system. Reforms, actual or planned, under the new Gorbachev regime give no evidence of more than marginal improvement. The Soviet Union is culturally stultified, a museum of 19th century Russian civilization, with innovation forced underground, artists and writers compelled to say what they think only outside the established cultural apparatus.

It is a country rapidly being overtaken in industrial weight by Japan, which long ago surpassed Russia in the quality and sophistication of its products. Important basic scientific research is largely Western and Japanese; the Soviet intelligence service devotes itself to stealing it.

The Soviet system is not a success even by its own material standards. The ambitious economic and social forecasts of the Central Committee's program in 1961 were largely withdrawn this year. The transformation of Soviet Russia from its present official status, that of "mature socialism," to communism itself — when, as the student will recall, the state itself begins to melt away — is something not even the most romantic Soviet official can seriously envisage.

Nikita Khrushchev had said that "a Communist society will in the main be built in the U.S.S.R. by 1980." The Soviet leadership wants the United States to cooperate in a fiction that would compensate for the failures of contemporary Soviet society: the fiction of a binary global system in which the U.S.S.R. and the U.S.A., by dialectical right, preside over history. It cannot have it, and not simply because America and the rest of the West are unwilling. (There are Americans who have toyed with this idea of a condominium. After all, it flatters America as well as Russia.)

The Soviet leaders cannot have it because the facts will not sustain it. The world cannot bestow upon Soviet Russia a status that the Soviet people and their society have not earned. That is the dilemma, and also the tragedy, of the U.S.S.R. today.

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World influence rests not only on military power but also on the larger achievements of a society.

Root Out the Rot to Spare the Alliance

By William Safire

WASHINGTON — If the charges of espionage hold up in court, American aid dollars will have been channeled by Israel into the pockets of American traitors. That will blow up, not over.

Contributing to the sinking feeling in the hearts of many of Israel's staunchest friends is an as yet unspoken anxiety: Thanks to some inexcusably unsupervised Israeli zealot with no conception of the obliquity to which he was exposing his country and Jews everywhere, anti-Semites in America have handed the club of "dual loyalty."

The accused spy is reportedly a Jew and an ardent Zionist. How many other, strongly pro-Israel Americans will now be asked, with a smirk, where their true loyalties lie? How many straight-dealing Israeli diplomats will be suspect, now that two are so widely accused of running spies? That is what embitters the anger of those normally

proud to give a democratic ally the benefit of the doubt. We know that our admiration and sympathy for Israel diminishes our U.S. loyalty not a whit, and are outraged at the spectacle of betrayal.

Allies should not spy on each other, beyond the "national technical means" they use to listen routinely to every nation's communications, and never to the extent of suborning treason. When I call the Israeli Embassy, I know the call is tapped and taped, as U.S. Embassy calls are in Israel; that is accepted procedure. But kissing each other's embassy personnel is not. We expect the Russians and Communists to be spying on us, but expect better of friends with whom we share many secrets. In a cynical world, there is still a degree of trust. I am told that during a late-night

meeting with the American ambassador, Prime Minister Shimon Peres showed some of the stolen intelligence that revealed the United States to have the most intimate knowledge of Israeli decision-making. The implied message: If you pull this thread, more than one nation's dirty linen may unravel.

Let us yell until the truth is out. In democracies, the governments run the intelligence agencies, not the other way around. If anybody in either country is paying traitors in the other, the people of both have a right to know all about it. Certainly the investigation will be embarrassing, perhaps more than intelligence heads will have to roll. But we must root out the rot before it corrupts the alliance.

This has been excerpted from a New York Times column written before the Israeli government's public apology to the United States Sunday.

No, Criticism of Israel Is Not Anti-Semitism

MY recent letter (JHT, Nov. 20) prompted not only angry letters to your newspaper but also letters and telephone calls to my home, many of them anonymous. I sympathize with those readers' reactions, but they missed my point.

There are both Israeli and U.S. officials who can testify that I have spent a considerable portion of my adult life devising ways in which the two governments and private agencies can cooperate in pursuit of mutual interest. But there is always one difficulty: While discussions with Israeli officials are normally frank, unemotional exchanges of views such as we Americans have, for example, with our British counterparts, discussions with American supporters of Israel invariably break down, with the points at issue

being shunned aside and anyone who suggests that Israel is not 100 percent perfect being silenced or forced "underground" by accusations of "anti-Semitism."

I have long been out of government, but I remain close enough to it to assert the following: In nearly 50 years of experience I have yet to meet a single anti-Semitic American diplomat or intelligence officer, yet the time is nigh when the U.S. government may take to heart what Harry Levitt implies in his letter (Nov. 29) — that Israel is a special concern of Jews everywhere, regardless of nationality — and oppose the appointment of Jews to positions in government where they can influence foreign policy.

At present, most of those positions are filled by Jews — all of

them, as it happens, competent and loyal Americans who take seriously the naturalization oath (take, for example, by Henry Kissinger in 1943) to "absolutely and entirely renounce and abjure all allegiance and fidelity to any foreign prince, potentate or sovereignty," and who are constantly embarrassed by the insistence of persons such as Mr. Levitt that they have an obligation to Israel that ordinary Americans do not have. Their removal from office would be a sad loss for us all, and I suspect that some of them occasionally refrain from taking positions favorable to Israel which they should take as Americans simply because they want to avoid any suspicion of divided loyalty.

MILES COPELAND,
Oxford, England.

The Verdict On Geneva: Worthwhile

By Philip Geyelin

WASHINGTON — The cold front moving outward from conservative quarters in America is in the nature of a sigh of relief that somehow Ronald Reagan, their standard bearer, did not go to Geneva and sell the store. It is an interesting commentary on the value of summits.

What the president's best friends-turned-critics are saying is that the only thing preferable to the summit would have been to have had no summit at all. Their reasons range from the implication of "moral equivalence" conveyed by the respect Ronald Reagan and Mikhail Gorbachev paid each other to the unbridgeable ideological gulf between the two systems and the innate treachery of the Other Side. Their conclusion: An exchange of the Bolshoi for the Beach Boys is about as far as U.S.-Soviet relations should be allowed to go.

The prospect of that proposition is supposed to be the emptiness of summit encounters in the postwar era. It is an easy argument to make: A succession of summit exercises conducted by Eisenhower, Kennedy, Nixon, Johnson, Ford and Carter did not resolve the Cold War; they did not forestall the crisis in Hungary, the Berlin Wall, the missiles in Cuba, the assault on Czechoslovakia, Communist encroachments in Ethiopia, Yemen, Afghanistan, Angola, Nicaragua and Cambodia, or the shooting down of a South Korean airliner. They did not put an end to Soviet espionage, or to gross violations of human rights in the Soviet Union.

So much for the whole idea of the leaders of the two great superpowers getting together. "The sheer nothingness of the [Geneva] conference is its paramount achievement," William F. Buckley Jr. argued recently. That kind of talk is coming from what is thought to be an ascendant body of opinion in American politics — a conservative renaissance.

Yet the political leader of this renaissance, Mr. Reagan, appears to have moved into the camp of those who come to grips with the reality of managing relations with a powerful adversary and anxious allies while responding to the tugs and hauls of politics at home. He has joined the rest of the postwar presidents, who accepted summits as a necessity of life in the nuclear age.

The awful things that have happened despite summits are not necessarily the whole story. It is not entirely mindless to ponder a hypothetical question: How much worse might things have been if the leaders of the United States and the Soviet Union had coolly kept their distance?

That is the tormenting dilemma of what is called preventive diplomacy. There is no way to demonstrate the consequences averted by trying to diffuse confrontation, by trying to define what is intolerable behavior by both sides, by trying to reach modest treaty agreements. There is no handy measure of the good things derived or the bad things avoided by having the two top men take each other's measure and hear each other's case.

But that is no reason to abandon preventive diplomacy.

Leaving aside what each man may think he gained in the Geneva meeting, I would argue that the meeting itself, with one accomplished diplomat, the agreement to meet again, not once but twice. There is something to be said for making these encounters commonplace.

That is what Harold Macmillan had in mind 25 years ago when he deplored the crisis-creating, propagandistic quality of one-time summit meetings and argued for a "chain of peaks." To a lot of people it sounded too sensible and too orderly for a disorderly East-West relationship. And yet we are closer to the concept of regularly in summit has a way of easing the confrontation between the superpowers than we have ever been.

That opportunity would not be presenting itself if the head-knocking at the most recent summit meeting had not been vigorous enough to test just how far either side was ready to go and at what risk of a blowup and a bad scene. There was a recognition on both sides that while some of their differences were profound and irreconcilable, some were not — and that there were good reasons to address those that might be reconcilable.

Not the least of the reasons was an apparent mutual recognition that this was not just a debate between two great powers over clashing concerns and opposite ideologies; that there was a stake in the handling of the superpower conflict that most of us badly it was handled would directly affect the superpowers' standing and interests in the rest of the world.

Insofar as Ronald Reagan and Mikhail Gorbachev came to those conclusions at Geneva, the world is markedly better off.

Washington Post Writers Group.

LETTERS TO THE EDITOR

Terrorists: A Dilemma

Raymond Price, in "Terrorism: A Case For New Rules" (Nov. 9), writes that "terrorists should be given a swift death penalty." So the South Africans should have done away with Nelson Mandela? The British with Menachem Begin, after the King David hotel bombing in 1946? The Mexicans with Sam Houston in 1837? And the British with Thomas McMahon, killer of Lord Mountbatten? GEORGE L.R. McMAHON, Cambridge, England.

Some Flaws in Common

Thank you for the irony which on Nov. 27 placed William Safire's column next to Dave Durenberger's "Why U.S. Most Deserving of 'Franklin D. Roosevelt'." Until people like Mr. Safire begin to accept that what he calls "America's responsibility to nurture freedom everywhere" has led

to support a variety of very nasty tyrannies, we will not make progress toward a more genuine East-West détente. The Western pot and the Eastern kettle turn out to have some very undesirable features in common.

BRUCE KENT,
Campaign for Nuclear Disarmament, London.

A Beef From Europe

"Most governments, including European ones, occasionally resort to bureaucratic ingenuity to keep out unwanted imports," says the editorial "Of Security and Sausages" (Nov. 29). Unwanted, indeed. Meat can also be a major source of saturated fats, hormones, antibiotics and pesticide residues. The European Community rightly imposes stringent standards. Is the U.S. meat industry trying to export inferior products? J.R. McMAHILL, Birmenshaw, Switzerland.

ARTS / LEISURE

Decorating Doors:
Portal of the ArtistBy Joseph Giovannini
New York Times Service

PERHAPS it is because they already have frames that doors suggest themselves to artists and craftsmen as a type of canvas. Newly popular, decorated doors done in a variety of materials and methods — cut tin, stencils, wood, glass and metals — make the act of walking into a house or from one room into another a slightly special moment in the everyday life of a household.

"I'm always looking for surfaces to work on," said Megan Perry, a painter based in Boulder, Colorado. "There's something pictorial about a door." In the serpentine hallway of a Colorado home, where there was nothing but doors — 11 doors, the artist painted each, taking inspiration from what was behind it. She painted coffee cups on a door leading to the kitchen; the door with a pet cat opens into the girl's room, and that with a bomb into the boy's. Perry paints doors on commission, in her studio, then transports them to the home, where, she said, hanging them produces a dramatic transformation of the room. "Doors are one of the few architectural parts of a house that move, which makes them interesting for painting," she said. "As paintings, they're seen in different positions — not simply flat on a wall."

For Federico Armijo, a sculptor who lives in Albuquerque, New Mexico, doors are a sculptural opportunity. "Some people who wouldn't buy a sculpture would buy a sculptural door because it's functional." For the front door to an adobe-style house settled among

huge granite boulders in Carefree, Arizona, near Scottsdale — a group of boulders once occupied by Indians — the sculptor made a free-form wood door surfaced in alternating bands of copper and bronze. The metal protects the wood from the great heat of the desert.

While the heaviest of Armijo's doors weighs about 1,200 pounds (545 kilograms), that in the Empire house is about 400 pounds. Hanging a door of this weight requires hinges with ball bearings; often Armijo uses concealed hinges, but sometimes he adds another piece to cover an exposed hinge. The sculptor said he had to consider security in his doors and had sometimes used electronic equipment. Prices for his doors, which are done on commission, have ranged from \$1,500 to \$9,000.

Tony Berlant, a California artist who has fashioned more than a half-dozen doors out of scrap tin, relates the interest to a long tradition of decorated doors. "Northwest coast Indians centered their doors and painted them as a mouth of a fish or a serpent," he said. "Italian Renaissance artists did elaborate wood doors."

Contemporary efforts range from examples of craft and decorative art to those of fine art. Artists design them for a particular doorway and client, tailoring the design to the nature of the house and family. The door belongs to the house and, unlike a painting, does not move with the family.

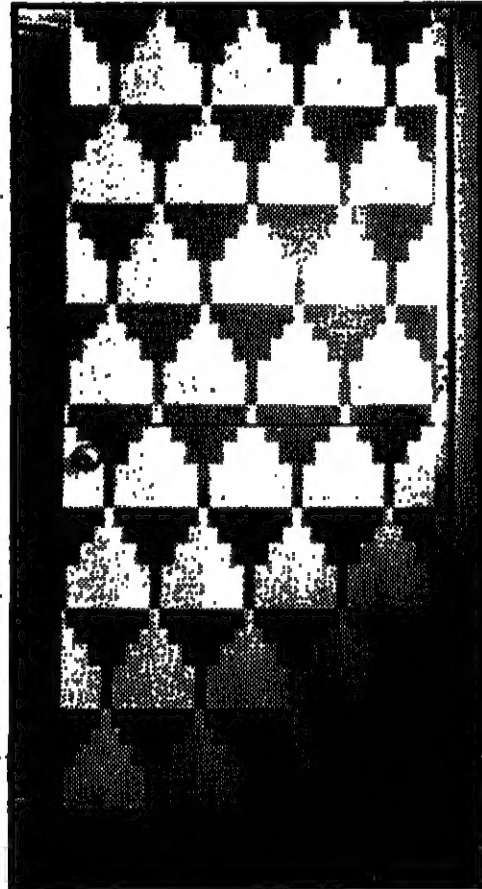
"When you do a work in context of a house, you don't have the freedom of an artist painting for yourself for a single buyer you don't know," Berlant said. "Other people have to like it, and you somehow feel more responsible. That it's going to stay there between a kitchen and dining room also stops it from being a piece of gallery art."

The seven doors Berlant has done over the last several years have all been for friends — "I like making an object that I'll see for many years rather than once in a great while," he said. Early this year, Berlant installed a kitchen door in Los Angeles for Ted and Lucy Strauss, a writer and a gallery owner respectively, that started as a personal appreciation of the intimate Christmas the family holds each year. Berlant, a family friend, at first depicted a Christmas tree on both sides of the swinging door, but the door quickly evolved into a vision of Eden, complete with a snake in the tin grass and a small red apple tempting in a blue tree. On the door to her studio in the house, Mrs. Strauss already had another "Garden of Eden," with a golden apple, a weaving done in Czechoslovakia.

The artist finds and cuts scraps of tin, attaching them to a solid wood door with small brads as a type of collage or mosaic. At a distance the image is clear; close up, the construction is visible. "Tony finds old metal boxes and suitcases, and suddenly you have a new door to your kitchen, and it's a Garden of Eden," Strauss said. For David and Ginny Fox, the idea for decorated doors in their New York apartment came as the couple walked through a furniture showroom and saw large walls of textured lead glass dividing one space from another, establishing a sense of privacy but admitting light. The couple had just bought two apartments, which were being combined by Richard Lewis, a New York architect, into a single



Copper and bronze front door of the Empire house in Carefree, Arizona.



Stenciled Dutch door done by Megan Perry, an artist in Boulder, Colorado.

large apartment, and they realized that translucent glass doors would admit light into a dark entry from a windowed kitchen. The couple commissioned the artist Maya Radcoy, who lives in Seattle, to do the hall doors and a pair of pocket doors between the kitchen and dining room. The four doors, now installed, have regular ribs of lightly rippled glass, in an arrangement of lead, diagonal strokes of leaded glass break up the regular geometries. The artist charges \$800 to \$3,000 for her projects.

Decorative glass was also the solution in the studio of James Hong, a New York architect; the entrance had an unattractive, industrial front door. In an exchange of pro-

fessional services, he asked Carmen Spera, a New York artist who paints on glass, to decorate a piece of glass that would simply fit over the door inside the studio. The door Spera created is a strident pink, green and yellow, and features a cat; a hole is notched out of the side for the dead bolt. Hong says he only has to make sure not to slam the door.

TRAVELLERS REASSURED 'WATER IN BOMBAY SAFE TO DRINK'

Based on his long and intimate acquaintance with Bombay our foreign correspondent writes: "Of all the things that people drink in Bombay, water has never figured prominently."

Most prefer Tonic in Bombay, Martini in Bombay or Orange in Bombay. Indeed, anything that one would usually mix in Bombay.

But let me assure you, there is no need to stay clear of the water.

Those rumours which infer that water does not mix with this most distinctive of Imported London Dry Gins are well and truly ill-founded.



China Clipper Plane's Route Revisited

Compiled by Our Staff From Dispatches

SAN FRANCISCO — Carrying a cargo of living history, a modern jumbo jet dubbed the China Clipper II has made a "time capsule" flight re-enacting the first trans-Pacific crossing of the original 26-ton flying boat. Among those aboard were four grandsons of Charles Lindbergh, the man who mapped the route in the 1930s for Pan American.

Al Wright, son of another early aviator, Chauncey (Cham) Wright, went along on the 50th anniversary celebration. So did the space shuttle astronaut Henry W. Hartfield Jr.; the novelist James Michener; C. Edward Acker, chairman of Pan American airlines; and Ben Garido Blaz, Guam's norwotting delegate to Congress.

Also aboard were many of the pioneers who built and manned the bases that permitted the Clippers — four-engine Martin-130 seaplanes — to carry mail and passengers on an 8,210-mile (13,260-kilometer) route from San Francisco to Honolulu, Midway, Wake Island, Guam and Manila.

The original Clipper flight was 100 years to the day after the first clipper sailing ship arrived in San Francisco.

The Clippers are gone now, all crash victims. Built by the aviation pioneer Glenn Martin, the sleek, hull-like, high-winged Clippers were capable of flying 3,200 miles non-stop at 130 miles an hour.

John B. Cooke, 75, of Penn Valley, California, was the rickshawman who signed the takeoff of the first "flying boat" from San Francisco Bay on Nov. 22, 1935. He and his wife, Isyl, also 75, were the first couple to live on Wake Island. The trip on the China Clipper II was their first visit to Wake in five decades.

The first China Clipper's pilot, Ed Musick, was killed when a sister ship, the Samoan Clipper, went up in flames in 1938. The original China Clipper's navigator, Fred Noonan, was last heard from somewhere in the Pacific where he was flying with Amelia Earhart.

The China Clipper II, carrying

about 350 people, stopped at each of the original landing sites for ceremonies. In Hawaii, a plaque was unveiled at Pearl City while a U. S. Navy band played. In Manila, Inelda Marcos, wife of President Ferdinand E. Marcos, joined the group for two evenings of activities.

The China Clipper II jumbo jet covered the route from San Francisco to Manila in 17 hours and 40 minutes, with four stops. The first China Clipper seaplane took 59 hours and 48 minutes. Passengers then traveled in high style: Dinner was served by a steward, complete with linen, china and silver. The plane had sleeping berths, similar to Pullmans, for the leg between California and Hawaii.

The China Clipper II's trip was the last such flight in the Pacific for Pan American: The Pacific routes Pan Am pioneered and flew for more than half a century have been sold to United Airlines, and Pan Am will be pulling out of the area at the beginning of the year.

Acker, the Pan Am chairman, told dignitaries at every stop that he planned to have the airline move back into the Pacific someday.

"This flight is a salute to the past and to the pioneers of Pan Am," he said. "Perhaps there is a certain irony, but we're not celebrating a route, we're celebrating a sense of courage, spirit and dedication."

John G. Berger, a retired Pan Am vice president of engineering from Teaneck, New Jersey, recalled how he helped build the landing and refueling facilities at the "stepping stones" bases of Midway and Wake, then uninhabited.

"Everything had to be brought in by cargo ship, including two prefabricated hotels," he said. "We built a railroad line to bring the 55-gallon fuel drums ashore from the reefs. It was quite an undertaking and quite an adventure."

Blaz, the Guam congressional delegate, said the re-enactment flight was like being in a time capsule. "We all want to go one more time on a sentimental journey into the past," he said. "This trip has given us that chance."

Les Halles Extension in Paris

Agence France-Presse

PARIS — A new underground development has been opened at the site of Paris's old central market, adding sports and cultural facilities to the Forum shopping center.

Mayor Jacques Chirac, inaugurating the project at Les Halles, admitted that "there is growing insecurity in this area, frequented by drug dealers and addicts," but promised the city would "do all in our power to solve this problem."

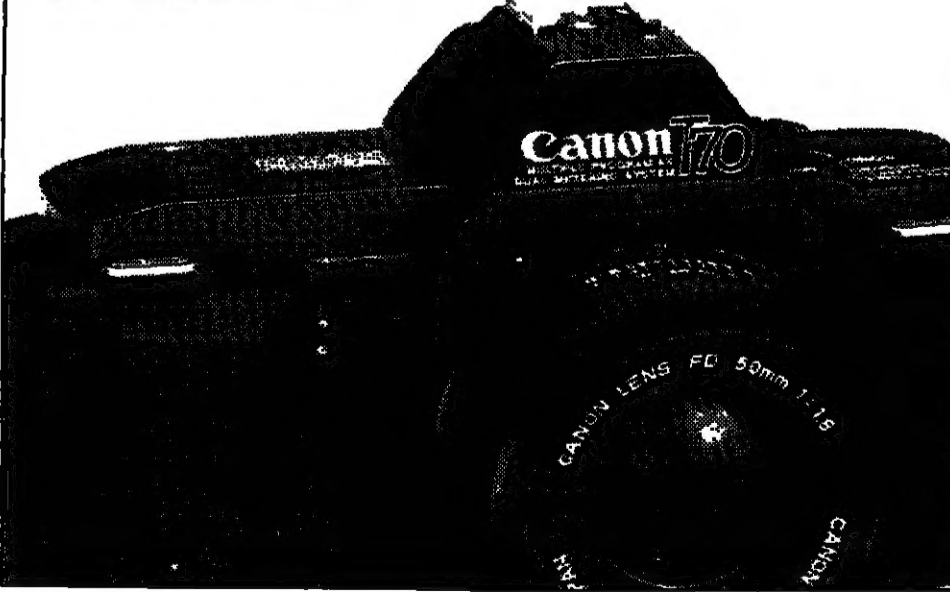
The underground project, conceived by the architect Paul Chemetov, is on three levels built around a main street 100 meters long and 10 meters wide. Experts said Chemetov treated the development like the interior of a cathedral, with huge beams and concrete pillars, reminiscent of the St. Eustache church, which is overhead.

The street, called the Grande Galerie, has two main squares, one of which leads to the Forum and public transport.

A 636-seat concert hall is planned, in addition to a music conservatory, a discotheque and a recording studio.

"Canon are to be congratulated, first and foremost for taking what must be one of the most complicated systems around and reducing its control to a simplicity that literally has to be seen to be believed."

'35mm Photography' expressed their amazement when faced with the brilliant T70.



DOONESBURY



Hindus in U.S. 'Adopt' Cows

The Associated Press

DETROIT — Hindus who find it impossible to keep a cow are being offered a chance to aid their religion's most sacred animal through a farm's Adopt-A-Cow program, guaranteeing an animal's lifelong care.

Herbert Bressack, director of the Gita-nagari Farm Community in Port Royal, Pennsylvania, said the farm offered three plans for Hindus who want to help protect cows.

Jag Bhusan Kaul and his wife, Veena, became life members of Adopt-A-Cow three years ago while living in Scranton, Pennsylvania. The couple, who now live in Detroit, paid \$3,000 to guarantee

that "a cow will be under your protection for her entire life."

"Our donation was not that much," said Mrs. Kaul, who, like her husband, is a native of India. "But that was before the present campaign started. We have seen the farm and it's very well-operated."

Another Hindu couple, Howard and Edith Best of Detroit, entered Adopt-A-Cow under a second plan, paying \$30 a month for a year. They receive a photograph of their cow and periodic news about it, sweets made from cow's milk and other dairy products, and a weekend's stay at the farm, about 60 miles (100 kilometers) northwest of Harrisburg, Pennsylvania.

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	Vol.	High	Low	Last	Chg.
DirActn	6837	62 1/2	5 1/4	6 1/4	+ 1/4
DomeP	3868	23 1/2	2 1/4	2 1/4	- 1/4
EchoB	3407	13 1/4	1 3/4	1 3/4	- 1/4
ESB p	3379	4 1/4	4 1/4	4 1/4	- 1/4
BAT In	3279	1 1/4	10 1/4	10 1/4	+ 1/4
KeyPh	1817	5	4 1/4	5	+ 1/4
AM Int	1694	19 1/4	18 1/4	19	+ 1/4
CHINA S	1565	19 1/4	18 1/4	19	+ 1/4
WangB	1542	14 1/4	14 1/4	14 1/4	- 1/4
GfcoA	1475	4 1/4	4 1/4	4 1/4	- 1/4


High	Low	Close	Change
242.42	240.86	241.37	-0.89

United Press International

Participants said "natural profit-taking" af-

In anticipation of lower petroleum prices, the oil sector continued to weaken. Mobil was off $\frac{1}{4}$ to 30 $\frac{1}{2}$, Sohio fell 1 $\frac{1}{2}$ to 51, Exxon lost 1 to 52 $\frac{1}{2}$ and Chevron lost $\frac{3}{4}$ to 37 $\frac{1}{2}$. Atlantic Richfield fell 1 $\frac{1}{4}$ to 65 $\frac{1}{2}$, Phillips Petroleum lost $\frac{1}{4}$ to 12 $\frac{1}{2}$ and Amoco dropped 1 $\frac{1}{2}$ to 65 $\frac{1}{2}$.

ACQUISITION OPPORTUNITY



A bottle of Tanqueray Special Dry Gin. The label features the word "IMPORTED" at the top, followed by a small crest logo. Below the logo, the brand name "Tanqueray" is written in a large, elegant script font. Underneath, it says "SPECIAL DRY" in a smaller, bold font. At the bottom of the label, it reads "Distilled English Gin". The bottle has a dark glass body and a white label.

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(Continued on Page 12)

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

(Continued from Page 10)[illegible]

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A high-contrast, black and white photograph of a city skyline across a body of water. The image has a grainy, almost stencil-like quality. In the foreground, the water is dark with several small boats. A bridge spans the middle ground, and the city skyline with various buildings is visible in the background. The overall tone is somber and historical.

Following in the tradition of Ii's internationally known All-America Research Team, the British Team will be based on a survey of leading money managers that will rank analysts in nearly 40 industry groups and other invest-

For corporations, brokerage houses and firms facing the fierce competition sure to result from next October 1st's Big Bang, the All-British Research Team issue affords a critical, strategic opportunity: the chance to command the attention of the world's business and financial elite—the more than 95,000 subscribers to Institutional Investor worldwide. (Including the nearly 10,000 in the

For further information contact Christine Cavolina, European Advertising Manager in London at (01) 379-7511. Or, contact Denise C. Coleman, V.P. & Director of Advertising-Int'l Edition, in New York at (212) 303-3388.

Institutional Investor

COMING IN JANUARY: THE ALL-BRITISH RESEARCH TEAM

[illegible]

United Press International

NEW YORK — Hanson Trust PLC said Monday that it is extending the expiration date of its \$75-a-share cash tender offer for the common shares outstanding of SCM Corp. to midnight on Dec. 23.

Hanson, a diversified manufacturing and service company based in London, is battling an investor group headed by Merrill Lynch & Co. that has offered \$74 a share in cash and bonds to take over SCM in a leveraged buyout.

In a leveraged buyout, a group, usually management, takes a public company private by buying control with borrowed money to be repaid from anticipated future revenue of the company.

In pursuit of excellence

How the partners of a leading German Privatbank go about marrying the computer to high level personal expertise

By Karl Grün

Bankers of all shades and all nationalities have, for some time, come around to the conclusion that profitability can no longer be derived from interest margins alone. The catchword is fee income.

Merchant banking appears to hold the magic key for future success. Competition is heating up in a field which used to be cultivated by a relatively small number of high-caliber financial advisers. In a German context such a development also implies important changes for a species of bankers which, over the years, has become rarer and rarer — the Privatbankier. Düsseldorf-based Trinkaus & Burkhardt's reply to the new challenge may not be optimal. It indicates, nevertheless, a strategy for more than just survival.

An Established Strategy

On the surface, Trinkaus & Burkhardt's approach to the challenges of the 80s and 90s appears to be centered around organizational and structural changes as well as around changes in ownership. More recently, the transformation of the Bank's legal structure, from a

It is from this base that Trinkaus & Burkhardt aims at enhancing its position without neglecting classical banking activities such as providing loans and taking deposits. Services are continuously tailored to the needs of precisely defined target customers. Jacobi explains this strategy as follows: "We cannot, of course, satisfy the ever increasing demand for financial services in total. But for those segments of the market important to our target client groups, we want to be first, at least in quality terms."

This may sound rather academic at first. But when seen applied to the daily practicalities of running the Bank, it makes sense. The concept of flexibility combined with efficiency and excellence has fervently been pursued during recent years — and proven to be successful. According to the stated goals of the managing partners it will, in future, be working mainly in these sectors of the Bank's activities:

- Global asset management for wealthy private clients;

- For corporate clients, comprehensive solutions for trade-related financing problems, including assistance with complex transactions and high speed transfer services;

- Services for institutional investors, both domestic and international, based on an ef-

legal structure and its relationship with its main shareholder and followed through in strictly applied internal procedures.

The six partners, each fully liable and jointly managing the Bank in the tradition of a Continental-type Privatbank, are personally responsible for the creation and maintenance of services which, by their very nature, cannot be measured in terms of mass products. Comprehensive responsibility and individual banker-client relationships do not, of course, exclude the delegation of special responsibilities to the various partners in respect of the day to day running of the Bank.

Herbert H. Jacobi looks after the private clientele; he also is the spokesman of the partners and thus of the Bank. Ernst W. Brutsche, the responsibility lies with the trading department. Dr. Christoph Niemann, the newest partner, will develop the merchant banking activities. Both Dr. Siegfried Rometsch and Wolfgang Waldhausen are serving the Bank's corporate clients with Dr. Rometsch also looking after the trade-related business. Gerhard Winkel is in charge of internal control and organization.

The Midland Connection

The concept of dominance of and heavy reliance on personal leadership and expertise comes natural to a German Privatbanker. This, indeed, this facet of private banking can make the advice of a Privatbanker so valuable in the eyes of his clients. How then, should and could such a philosophy fit into the strategy of a majority shareholder which, by its own background, sometimes may need to follow somewhat different patterns of management?

The relationship between Midland Bank of London and Trinkaus & Burkhardt is indeed remarkable. When Midland acquired the majority of Trinkaus & Burkhardt five years ago, London made it clear from the beginning that this participation could remain a viable one only if the German Bank's clients were fully served. Midland was to limit its holding in the Bank to 70 percent, a limit now formally implemented again with the placing of 30 percent of the equity with the public. This includes a final paring with the block of around 20 percent from a former Indosuez participation.

The special alliance between a major banking group (which itself ranks among the top twenty of the world's commercial banks) and this relatively small German Privatbank was defined in Midland's latest annual report as follows: "Trinkaus & Burkhardt is, of course, an all-round investment bank and a major participant in our Group capital markets strategy." Moreover, Midland has not insisted that any of its own people be represented at Trinkaus & Burkhardt as a partner. Instead, the most important top level link between London and Düsseldorf was provided in the person of one of the Trinkaus &

Head office of Trinkaus & Burkhardt in Düsseldorf.

Burkhardt partners, Ernst W. Brutsche, when he was elected a member of the board of Midland Bank.

Banks that run on the expertise of individuals sometimes look like relics of the 19th, if not the 18th century. With the necessity to manage an ever-swelling number of money transactions, technology seems to have taken over from the entrepreneur. Indeed, utilizing the capabilities of the computer to the full may appear to be more important in that context than relying on the know-how of the banker. In theory, any bank sufficiently big to profit from the economies of scale should be in a position to compete successfully in this field. For a Privatbank like Trinkaus & Burkhardt, modern technology and personal involvement do not exclude each other.

Multi-tier Client Contact

The disciplined application of any marketing concept requires more than the tools of technology. These tools must be applied by a well-organized and highly motivated staff. In that context Trinkaus & Burkhardt boasts of having moved a step ahead of what is provided by most banks. The traditional client contact via one Bank representative has been replaced by a multi-tier relationship between various specialist representatives on the Bank's side and, if the client agrees, on the client's side as well.

As a rule, each team working for a client consists of a number of product specialists, including an investment specialist, a securities specialist, a foreign trade specialist and a forex specialist. Each of these team members is free to provide his special services to clients directly. Coordination of client contacts is restricted to the absolute minimum. Personal bureaucratic procedures are thus avoided, much to the relief of most clients who expect direct expert advice on and solutions to specific problems. The overriding principle for the structuring of the Bank's sales efforts is, in the words of Jacobi, dictated by the needs of the various client groups. "The advisory teams have to adjust their efforts to, say, medium-sized companies or to international trading organizations. The internal organization is constantly adjusted to the Bank's strategy." According to Dr. Rometsch, "this approach sets free enormous creative forces among the Bank's staff." Each team member is encouraged to visit his clients regularly and to seek new business either from existing or from designated new clients. With the Bank's processing of account relationships fully automated, there is no problem to evaluate each team member's contribution to profits arising from each client relationship, usually on a month-by-month basis. Results are discussed at the end of each quarter when, at the same time, plans for the next quarter are fine-tuned. According to the Bank, 68 percent of operating costs can be directly related to profits arising from various client accounts, an unusually high percentage for a bank with the structure of Trinkaus & Burkhardt.

High demands on the performance of the various departments of the Bank have their mirror image in an above-average share of costs both for qualified staff and for investments in technical infrastructure. As demonstrated by the latest figures released just for the first time and in conformity with the listing requirements for the Bank's public shares, operating profits and extraordinary items such as profits from trading on the Bank's own account appear to more than match these outlays — and leave a comfortable

balance to bolster capital reserves and to secure an attractive dividend for the shareholders. A high proportion of the Bank's 637 staff, namely one in three, last year took part in further educational and training programs — with the emphasis on banking and financial services training as well as language courses. Pay policy follows a pattern which is not so much dictated by a strict overall tariff structure but by flexible adjustment both to staff members' contributions to profits and to the nature of particular separate market segments.

In the Forefront of New Technological Applications

More than 60 percent of the staff have been with the Bank for at least ten years. Last year, the proportion of bank apprentices was almost 3 percent. While investing in human capital does not come unexpected at a bank like Trinkaus & Burkhardt, another consequence of the determination to secure sustained excellence has already caused quite a stir in the market long before its official launch later this year: Trinkaus & Burkhardt, where some day settlements on the basis of last afternoon closing balances are already normal practice, has developed its own electronic banking system under the brand name "TUB-Trinacash."

The majority of banks operating in Germany have so far either been slow or only modestly successful in getting their various concepts of electronic banking accepted by key clients. Trinkaus & Burkhardt, meanwhile, claims superiority for its system based as it is able to provide a broader range of information in addition to being a valuable tool for streamlining and accelerating client transactions. For Herbert Jacobi and his fellow partners such a development is an almost natural by-product in the process of translating the Bank's strategy into reality: "It is a necessary precondition if we want to reach for a leading position in services for our specified target groups."



The managing partners of Trinkaus & Burkhardt. From left to right: Wolfgang von Waldhausen, Ernst W. Brutsche, Herbert H. Jacobi, Gerhard Winkel, Dr. Siegfried Rometsch. Dr. Christoph Niemann, the newest partner, joins the Bank next year.

private company in the form of a limited partnership (Kommanditgesellschaft) into an entity which combines the elements of personal liability with those of a public company (Kommanditgesellschaft auf Aktien, KGaA) has been in the limelight.

Moreover, the Bank placed 30 percent of an increased equity capital of DM 90 million (of a total authorized capital of DM 110 million) with the public, and the shares are listed on the boards of Düsseldorf, Frankfurt, Munich and Stuttgart.

Important as all these developments may be in their own right, their real significance can only be weighed in the context of a long established strategy. Herbert H. Jacobi, one of the six personally liable partners of the Bank and its spokesman, put it like this when the changeover to a KGaA was first announced in May of this year: "There will be no change in the minimal involvement of the personally liable partners and there will be no change in our Bank's philosophy." This philosophy has been re-defined in recent years with the full consent of the Bank's main shareholder, Midland. Trinkaus & Burkhardt sees itself as a "flexible Privatbank with rapid decision-making capabilities."

Already Trinkaus & Burkhardt undisputedly ranks among the elite of Germany's Privatbanken. As a result of this particular banking sector's tradition for secrecy, published accounts up to now tended to hide more of its strength than they revealed. From now on the advent of new outside shareholders and resulting publicity requirements will help confirm the Bank's standing. The Group's balance sheet total of DM 6.5 billion at mid-1985 and own capital of DM 219 million, impressive as they may seem compared with the rest of Germany's 68 Privatbanken, do not even tell half of the story.

The Accent on Quality

Trinkaus & Burkhardt's strength is that of a typical merchant bank, namely one based mainly on fee-earning business — and that an aspect best reflected in its profits and loss accounts which have been published for the first time this year in connection with the listing of the Bank's shares. The importance of this sector is underlined by the fact that the net/fee/net interest rate soared from 0.54 in 1983 to 0.53 in 1984 and even 0.70 in the first six months of the current financial year. While it is all but certain that the current year's fee income increases can be maintained, it is nevertheless noteworthy that last year's ratio was more than a third higher than the 0.38 average for all private banks and double that of the 0.31 average for Germany's six biggest commercial banks.

ficient securities trading department and an up to date analytical approach;

- As part of its merchant banking activities additional emphasis on financial and investment advice, including the issuing business.

The Human Face of Banking

One of the most distinctive characteristics of Trinkaus & Burkhardt is what one could call the human factor. Indeed, the importance of the human input is reflected in practically every aspect to the Bank's existence, starting from its

A private banker's vision of his Bank and his clients' future

Düsseldorf-based private bank Trinkaus & Burkhardt is aiming at a leading position in terms of quality of service in all its target customer segments. According to Herbert H. Jacobi, chairman of the Bank's board and speaker to the six personally liable partners, the most decisive advantage the Bank has in pursuing this goal is a highly qualified and motivated staff. In an interview on the eve of the 200th anniversary of the Bank and the first public offering of part of the capital to outside shareholders, he specifically named the following as potential growth areas within the next five years: international business, classical merchant banking and portfolio management.

QUESTION: Over the next five years, which major changes do you expect within the global and national environment for financial and, in particular, banking services?

JACOBI: The world's most important money and capital markets will grow ever closer together, forming eventually a truly international market. The possibilities offered by electronic information technology will serve to accelerate this integration process and will make round-the-clock dealing possible, as is already the case with foreign exchange. As a result, the interdependence of the markets will increase considerably. Financial innovation will spread internationally much more quickly than in the case today. This will make it necessary for financial institutions to speed up their own innovative processes.



As for the political environment, banking laws and supervisory authorities will require financial institutions to further strengthen their capital bases. In the process it is to be expected that non-balance sheet liabilities will be drawn more tightly into the net of banking regulations.

QUESTION: Where does he leave the classical Privatbanker? Will he be replaced by computerized banking services?

JACOBI: Customer acceptance of electronic information systems will grow perceptibly. At the same time, however, the need for tailor-made services, a specialty of merchant banks, will also increase. The niches open to these institutions will therefore grow progressively, both in number and size.

All in all, classical bank lending business can be expected to grow rather more slowly than in the seventies, both domestically and internationally. The other side of the coin is that the need for liquidity management services can be expected to grow significantly. This would in turn give a further boost to the importance of the international money and capital markets, as well as new financial instruments.

QUESTION: How does one measure the quality of the services of a private bank?

JACOBI: A private bank cannot offer "all things to all men" and must concentrate on selected lines of business for selected target customer groups. In these areas it must then be able to offer high quality services which can be tailored to the client's needs and for which the client is willing to pay accordingly. The quality of the services depends primarily on the people developing and delivering the various products. Also of great importance is the availability of advanced information and low transaction cost delivery systems. The ultimate measure of the quality of services provided is the level of customer utilization and the resultant profitability. In Germany this is not customary for the traditional private banks to publish P&L results. For those that do, a good measure of customer satisfaction and thus successful operations is the development of fee and commission earnings.

QUESTION: What makes traditional private banks so distinct from other financial institutions?

JACOBI: The Banking Supervisory Authority in Berlin, the Bundesbank and as a result the Private Bankers Association include only those institutions in their definition of "Privatbanken" that are either single proprietors or limited partnerships. According to 69 percent of the personally liable owners of these banks are "Privatbankiers." Corporations are thus excluded from this official classification. However, the marketplace is increasingly recognizing an extended definition of "Privatbanken."

QUESTION: What is that definition?

JACOBI: Privatbanken are those institutions in which personally liable (or general) partners bear the responsibility for the conducting of business. This, of course, includes the legal form of KGaA, i.e., a corporation with general partners. Privatbankiers have, in Germany, a very long and firmly established tradition in the provision of financial services. This gives them a competitive edge in terms of experience and specialized knowledge. They are accustomed to combining creativity and flexibility with a fast decision-making process. The personal commitment of the partners serves to reinforce the advantages of providing selected services to a discerning clientele.

QUESTION: What are Trinkaus & Burkhardt's strengths in this context?

JACOBI: Trinkaus & Burkhardt is a banking house with a tradition going back two hundred years. From this vast fund of experience has sprung this tradition has been linked with a very detailed forward-looking strategy. Our target is to achieve a leading position in terms of quality of business in all of our target customer segments where such a position is not already enjoyed. We are very clear as to what the Bank's future targets are. By constantly checking our progress towards these goals, we will ensure that improvements are continuously made so that our customers can benefit accordingly.

QUESTION: On what advantages do you base your strategy?

JACOBI: The Bank is particularly innovative in the field of technology. Extremely flexible systems are used and their advantages are made available to our customers. A further significant advantage which Trinkaus enjoys over its competitors is the direct access it has to the worldwide network of the Midland Bank Group. Most important of all, however, is its team of highly qualified staff which is able to pursue the Bank's goals by furthering the interests of its customers. There is no doubt that in a service industry this is the decisive factor.

QUESTION: Which will be the Bank's growth areas over the next five years?

JACOBI: We have, through a process of intensive analyses, formed a very clear picture as to those areas where, in the coming years, we can particularly look for business growth. Since they carry very similar weight, I will list them in alphabetical order: first, international business, particularly for our corporate customers and already one of our areas of special strength, will inevitably be a growth area as the world's economies become ever more complicated and intertwined. We will benefit more than proportionally to our size because we can call upon an integrated system of financing, transaction processing, customer information services and foreign exchange dealing, which can meet the full range of customer needs. The second growth area will be classical merchant banking, which we have been consistently building up in recent years. We see considerable opportunities arising in this field in the future. Portfolio management for private individuals represents the third area of particular emphasis for the future. This is a traditional activity for Privatbankiers requiring, as it does, extreme discretion and a highly personalized service. We have invested considerably in our facilities for "global asset management." Therefore, we believe that we can fully meet the needs in this particular, and growing, market.

Trinkaus & Burkhardt Stepping stones through the first 200 years

1785 An important "Handlung" named after its founder Christian Gottfried Jaeger, is opened. It also is the nucleus for a quickly flourishing money trade from which further banking activities were to be developed later.

1798 Christian Gottfried Jaeger is co-founder of the Düsseldorf Handlung of Commerce. Under his guidance, the Handlung is transformed into an important trading firm with extensive international connections.

1852 Christian Gottfried Trinkaus succeeds Christian Gottfried Jaeger as sole heir. The firm is named after him. Banking becomes the most important activity.

1858 Wilhelm Pfeiffer, son of Adolf Pfeiffer, becomes partner in Bankhaus C.G. Trinkaus. A period of strong growth follows. Securities trading, still one of the pillars of the Bank today, is started. Both C.G. Trinkaus and W. Pfeiffer take on leading roles in the political and business community. Their sons Christian Trinkaus and Wilhelm Pfeiffer join them as partners in the Bank.

1870 C.G. Trinkaus dies. Under the leadership of the other partners the classical banking business is developed further. Christian Trinkaus is one of the founders of the Düsseldorf bourse and its first president. Despite growing competition from the big public banks, C.G. Trinkaus manages to gain an increasing share in the boom of new business established during the period.

1891/1900 After the death of Christian Trinkaus in 1891, Max Trinkaus and Wilhelm Pfeiffer junior are sole proprietors. Their names are closely linked not only with the Bank's progress, but also with the development of Düsseldorf's cultural life. Max Trinkaus is a co-founder of the Düsseldorf Schaniellhaus.

1916 Since there are no natural successors, Deutsche Bank acquires a participation of M 1 million. At the same time the Bank is transformed into a KG (Kommanditgesellschaft) with an equity capital of M 8 million. Deutsche Bank's share is later extended to M 12 million and also is represented among the partners in the person of their Düsseldorf branch manager.

1929/1933 After the death of Max Trinkaus the bank comes completely under the umbrella of Deutsche Bank. It is also merged with another private bank, W. Engels & Co. under the name "C.G. Trinkaus, Inhaber Engels & Co."

1934/1935 Formerly member of the board of Deutsche Bank, and Kurt Forberg from Bankhaus Engels, enter as partners. Deutsche Bank's participation is reduced to one-third of the capital.

1946/1947 Restart of the Bank with Dr. Johannes

Zahn as personally liable partner. C.G. Trinkaus gains important status as a foreign trade bank.

1948 Kurt Forberg is elected president of the Düsseldorf bourse, an office which later also is held by Dr. Zahn. Both Forberg and Zahn play important parts in the post-war efforts to make share ownership popular and respectful again. On June 21, 1948, one day after the currency reform, the Bank's balance sheet totals DM 5.8 million; capital is shown to be DM 354,000.

1951 Deutsche Bank withdraws as a shareholder by mutual agreement.

1952 Dr. Johannes Zahn joins the World Bank as its first German director. Before that, Dr. Peter Brunsing had been elected the first chairman of the board of the newly founded Landeszentralbank Nordrhein-Westfalen.

1970 Total assets amount to DM 1.8 billion on a capital of DM 90 million.

1972 With the merger of C.G. Trinkaus & Bankhaus Burkhardt & Co., a private bank whose traditions go back to 1841 (then founded under the name of Simon Hirschland in Essen), the Bank's name is changed to Trinkaus & Burkhardt. Total assets are DM 3.5 billion, backed by own capital of DM 153 million.

The seventies saw difficult times for many private banks. In the wake of a number of financial difficulties for various banks of which the events after the collapse of the Herstatt Bank were to become the most noteworthy, even well managed private banks were threatened with liquidity pressures. To avoid these, the partners of Trinkaus & Burkhardt accepted an offer from Citibank to acquire the majority of the capital. At the same time the Bank's strategy started to undergo substantial changes. Retail banking was given up, and banking services for selected customer groups were given more emphasis.

1975 The Bank's present head office in Königstraße, Düsseldorf, is completed.

1977 Formation of Trinkaus & Burkhardt (International) SA. The Luxembourg-based subsidiary was to become the first focus of the Bank's growing Euro-business.

1979 Formation of Trinkaus & Burkhardt (Schweiz) AG, Zürich. The subsidiary is founded to support the Bank's growing services in the field of international asset management. At the end of 1979 the Bank employs 568 people, and the Group's balance sheet total is DM 4.2 billion. Capital is shown at DM 162 million.

1980 The Midland Bank Group acquires the majority in the Bank from Citibank. In the best tradition of a private bank the securities department and the department for asset management are revamped. For these and for the other activities of the Bank a redefined strategy is implemented. In cooperation with Midland Bank, services of the foreign department are extended. A higher profile is achieved in the international issuing business.

1985 KGaA with Midland retaining a share of 70 percent of the capital of DM 90 million, the rest being publicly floated.

Profile of a winner

Trinkaus & Burkhardt's success is built on clearly defined marketing goals with a strong emphasis on expanding financial services. It is evident in background that the Bank's first-ever published profit and loss accounts (up to June 30th, 1985) should be assessed.

Lending and deposit-taking concentrates on short and medium-term business with corporate clients. Interest margins therefore tend to be much smaller than for banks geared to serve smaller private customers — 1.6 percent after 1.7 percent in 1984. Volume, however, more than makes up for this. In 1984, net

Net operating profits (i.e., surplus of net interest income and net commission income over administration expenses) were slightly down in 1984 compared with their high levels in 1983, due to higher expenses for wages and salaries as well as to higher operating expenses. In the first half of 1985, there was an above-average improvement — to DM 24.7 million at the Bank (compared with DM 14.6 million for 6/12th of 1984) and to DM 35.2 million for the Group (DM 21.7 million for 6/12th of 1984). Because of the specific income pattern of the Bank it is not advisable to extrapolate this exceptional development for the whole of the financial year.

Financial Highlights of the Trinkaus & Burkhardt Group

In DM million	1980	1981	1982	1983	1984
Total business volume	5617	6197	6355	6603	7222
Balance sheet total	4374	4994	5229	5475	5917
Total lending	3996	3964	4141	4258	4703
Securities held	470	619	810	926	813
Capital and reserves	187	187	187	187	187

* total assets plus contingency items plus guarantees, etc.

Interest income was up by 4 percent to DM 86.7 million. In the first half of 1985, lower margins were more than offset by higher volumes as well as by high levels of dividend income. Income patterns are expected to return to normal in the second half.

Financial services, traditionally one of the focal points of Trinkaus & Burkhardt's business activities, have performed well in recent years. The ratio of net commission versus net interest income rose from 54 percent in 1983 to 58 percent in 1984. In the first half of 1985, net commissions amounted to DM 34.8 million, equivalent to an increase of 39 percent over 6/12 of last year's result.

Trading activities form an essential part of the Bank's business, both in the securities and in the foreign markets. In line with German accounting practices, profits from trading on a bank's own account are not shown separately, but are offset against extraordinary items like general and special debt provisions. In the last two years, these trading profits exceeded conservatively assessed risk provisions of the parent company. Higher trading profits thus contributed substantially to the rise in profits before and after tax. In 1984, profits after tax were up by 25.8 percent to DM 20.1 million for the Bank, and up by 26.6 percent to DM 25.7 million for the Group as a whole.

High	Low	Open
7360	7070	Jun 7100
7300	7170	Sep 7140
7368	7170	Dec 7140

23	2141	±	\$ per franc - 1 point	62500	13070	13005	12910
24	2142		1000	1000	1000	1000	1000
25	2143		1000	1000	1000	1000	1000
26	2144		1000	1000	1000	1000	1000
27	2145	7.71	\$ per mark - 1 point	12700	13070	13005	12910
28	2146		1000	1000	1000	1000	1000
29	2147		1000	1000	1000	1000	1000
30	2148		1000	1000	1000	1000	1000
31	2149		1000	1000	1000	1000	1000
32	2150		1000	1000	1000	1000	1000
33	2151		1000	1000	1000	1000	1000
34	2152		1000	1000	1000	1000	1000
35	2153		1000	1000	1000	1000	1000
36	2154		1000	1000	1000	1000	1000
37	2155		1000	1000	1000	1000	1000
38	2156		1000	1000	1000	1000	1000
39	2157		1000	1000	1000	1000	1000
40	2158		1000	1000	1000	1000	1000
41	2159	+1.75	Est. Sales 20,800 Prev. Sales 21,999				
42	2160		Prev. Down Open Int. 50,000				
43	2161		JAPANESE YEN (10M)				
44	2162		\$ per yen - 1 point	50000	10000	10000	10000
45	2163		1000	1000	10000	10000	10000
46	2164		1000	1000	10000	10000	10000
47	2165	+1.50	Est. Sales 10,000 Prev. Sales 10,000				
48	2166		Prev. Down Open Int. 50,000				
49	2167	+1.50	Est. Sales 10,000 Prev. Sales 10,000				
50	2168		Prev. Down Open Int. 50,000				
51	2169		Est. Sales 10,000 Prev. Sales 10,000				
52	2170		Prev. Down Open Int. 50,000				
53	2171		Est. Sales 10,000 Prev. Sales 10,000				
54	2172		Prev. Down Open Int. 50,000				
55	2173		Est. Sales 10,000 Prev. Sales 10,000				
56	2174		Prev. Down Open Int. 50,000				
57	2175		Est. Sales 10,000 Prev. Sales 10,000				
58	2176		Prev. Down Open Int. 50,000				
59	2177		Est. Sales 10,000 Prev. Sales 10,000				
60	2178		Prev. Down Open Int. 50,000				
61	2179		Est. Sales 10,000 Prev. Sales 10,000				
62	2180		Prev. Down Open Int. 50,000				
63	2181		Est. Sales 10,000 Prev. Sales 10,000				
64	2182		Prev. Down Open Int. 50,000				
65	2183		Est. Sales 10,000 Prev. Sales 10,000				
66	2184		Prev. Down Open Int. 50,000				
67	2185		Est. Sales 10,000 Prev. Sales 10,000				
68	2186		Prev. Down Open Int. 50,000				
69	2187		Est. Sales 10,000 Prev. Sales 10,000				
70	2188		Prev. Down Open Int. 50,000				
71	2189		Est. Sales 10,000 Prev. Sales 10,000				
72	2190		Prev. Down Open Int. 50,000				
73	2191		Est. Sales 10,000 Prev. Sales 10,000				
74	2192		Prev. Down Open Int. 50,000				
75	2193		Est. Sales 10,000 Prev. Sales 10,000				
76	2194		Prev. Down Open Int. 50,000				
77	2195		Est. Sales 10,000 Prev. Sales 10,000				
78	2196		Prev. Down Open Int. 50,000				
79	2197		Est. Sales 10,000 Prev. Sales 10,000				
80	2198		Prev. Down Open Int. 50,000				
81	2199		Est. Sales 10,000 Prev. Sales 10,000				
82	2200		Prev. Down Open Int. 50,000				
83	2201		Est. Sales 10,000 Prev. Sales 10,000				
84	2202		Prev. Down Open Int. 50,000				
85	2203		Est. Sales 10,000 Prev. Sales 10,000				
86	2204		Prev. Down Open Int. 50,000				
87	2205		Est. Sales 10,000 Prev. Sales 10,000				
88	2206		Prev. Down Open Int. 50,000				
89	2207		Est. Sales 10,000 Prev. Sales 10,000				
90	2208		Prev. Down Open Int. 50,000				
91	2209		Est. Sales 10,000 Prev. Sales 10,000				
92	2210		Prev. Down Open Int. 50,000				
93	2211		Est. Sales 10,000 Prev. Sales 10,000				
94	2212		Prev. Down Open Int. 50,000				
95	2213		Est. Sales 10,000 Prev. Sales 10,000				
96	2214		Prev. Down Open Int. 50,000				
97	2215		Est. Sales 10,000 Prev. Sales 10,000				
98	2216		Prev. Down Open Int. 50,000				
99	2217		Est. Sales 10,000 Prev. Sales 10,000				
100	2218		Prev. Down Open Int. 50,000				

60	61.20						
61	61.40						
62	61.60						
63	61.80						
64	62.15						
65	62.40						
66	62.65						
67	62.90						
68	63.15						
69	63.40						
70	63.65						
71	63.90						
72	64.15						
73	64.40						
74	64.65						
75	64.90						
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88	68.15						
89	68.40						
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91	68.90						
92	69.15						
93	69.40						
94	69.65						
95	69.90						
96	70.15						
97	70.40						
98	70.65						
99	70.90						
100	71.15						

101	101.20						
102	101.40						
103	101.60						
104	101.80						
105	102.00						
106	102.20						
107	102.40						
108	102.60						
109	102.80						
110	103.00						
111	103.20						
112	103.40						
113	103.60						
114	103.80						
115	104.00						
116	104.20						
117	104.40						
118	104.60						
119	104.80						
120	105.00						
121	105.20						
122	105.40						
123	105.60						
124	105.80						
125	106.00						
126	106.20						
127	106.40						
128	106.60						
129	106.80						
130	107.00						
131	107.20						
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107.00	133.00	Jan	152.00
195.00	139.70	Mar	157.10
176.40	145.20	May	156.70
183.00	149.50	Jul	160.50
176.00	152.00	Sep	163.00
181.30	156.50	Nov	164.00
167.00	166.00	Jan	168.00
Feb	134.4	Draw	151.1

[illegible]

204.90	182.30	Mar	204.50
208.60	183.90	Jun	204.30
210.10	187.00	Dec	207.70

Est. Sales 60,992 Prev. Sales 51.
 Prev. Day Open Int. 74,909 off 24

VALUE LINE (KCBT)

347.50	212.75	190.50	Mar 216.40	211.05	208.70	208.80	1.10
347.00	212.50	190.00	Jun			208.10	1.10
346.50	212.25	189.50	Nov			207.60	1.10
346.00	212.00	189.00	Mar	205.85	3.00	207.10	1.10
345.50	211.75	188.50	Jun			206.60	1.10
345.00	211.50	188.00	Nov			206.10	1.10
344.50	211.25	187.50	Mar	205.35	3.00	205.60	1.10
344.00	211.00	187.00	Jun			205.10	1.10
343.50	210.75	186.50	Nov			204.60	1.10
343.00	210.50	186.00	Mar	204.85	3.00	204.10	1.10
342.50	210.25	185.50	Jun			203.60	1.10
342.00	210.00	185.00	Nov			203.10	1.10
341.50	209.75	184.50	Mar	202.35	3.00	202.60	1.10
341.00	209.50	184.00	Jun			202.10	1.10
340.50	209.25	183.50	Nov			201.60	1.10
340.00	209.00	183.00	Mar	201.85	3.00	201.10	1.10
339.50	208.75	182.50	Jun			200.60	1.10
339.00	208.50	182.00	Nov			200.10	1.10
338.50	208.25	181.50	Mar	199.35	3.00	199.60	1.10
338.00	208.00	181.00	Jun			199.10	1.10
337.50	207.75	180.50	Nov			198.60	1.10
337.00	207.50	180.00	Mar	197.85	3.00	198.10	1.10
336.50	207.25	179.50	Jun			197.60	1.10
336.00	207.00	179.00	Nov			197.10	1.10
335.50	206.75	178.50	Mar	196.35	3.00	196.60	1.10
335.00	206.50	178.00	Jun			196.10	1.10
334.50	206.25	177.50	Nov			195.60	1.10
334.00	206.00	177.00	Mar	194.85	3.00	195.10	1.10
333.50	205.75	176.50	Jun			194.60	1.10
333.00	205.50	176.00	Nov			194.10	1.10
332.50	205.25	175.50	Mar	193.35	3.00	193.60	1.10
332.00	205.00	175.00	Jun			193.10	1.10
331.50	204.75	174.50	Nov			192.60	1.10
331.00	204.50	174.00	Mar	191.85	3.00	192.10	1.10
330.50	204.25	173.50	Jun			191.60	1.10
330.00	204.00	173.00	Nov			191.10	1.10
329.50	203.75	172.50	Mar	190.35	3.00	190.60	1.10
329.00	203.50	172.00	Jun			190.10	1.10
328.50	203.25	171.50	Nov			189.60	1.10
328.00	203.00	171.00	Mar	188.85	3.00	189.10	1.10
327.50	202.75	170.50	Jun			188.60	1.10
327.00	202.50	170.00	Nov			188.10	1.10
326.50	202.25	169.50	Mar	187.35	3.00	187.60	1.10
326.00	202.00	169.00	Jun			187.10	1.10
325.50	201.75	168.50	Nov			186.60	1.10
325.00	201.50	168.00	Mar	185.85	3.00	186.10	1.10
324.50	201.25	167.50	Jun			185.60	1.10
324.00	201.00	167.00	Nov			185.10	1.10
323.50	200.75	166.50	Mar	184.35	3.00	184.60	1.10
323.00	200.50	166.00	Jun			184.10	1.10
322.50	200.25	165.50	Nov			183.60	1.10
322.00	200.00	165.00	Mar	182.85	3.00	183.10	1.10
321.50	199.75	164.50	Jun			182.60	1.10

Moody's : base 100 : Dec.
p - preliminary; f - final
Reuters : base 100 : Sep.
Dow Jones : base 100 : Dec.

76-21	11	CBT:	Chicago Board of Trade
76-22	11	CME:	Chicago Mercantile Exchange
76-23	11	IMM:	International Monetary Market
76-24	11	NYMEX:	New York Mercantile Exchange
76-25	11	NYCE:	New York Cotton Exchange
76-26	11	COMEX:	Commodity Exchange
76-27	11	NYMEX:	New York Mercantile Exchange
76-28	11	CBOT:	Chicago Board of Trade
76-29	11	NYFE:	New York Futures Exchange

76-30	11	NYFE:	New York Futures Exchange
76-31	11	NYFE:	New York Futures Exchange
76-32	11	NYFE:	New York Futures Exchange
76-33	11	NYFE:	New York Futures Exchange
76-34	11	NYFE:	New York Futures Exchange
76-35	11	NYFE:	New York Futures Exchange
76-36	11	NYFE:	New York Futures Exchange
76-37	11	NYFE:	New York Futures Exchange
76-38	11	NYFE:	New York Futures Exchange
76-39	11	NYFE:	New York Futures Exchange
76-40	11	NYFE:	New York Futures Exchange
76-41	11	NYFE:	New York Futures Exchange
76-42	11	NYFE:	New York Futures Exchange
76-43	11	NYFE:	New York Futures Exchange
76-44	11	NYFE:	New York Futures Exchange
76-45	11	NYFE:	New York Futures Exchange
76-46	11	NYFE:	New York Futures Exchange
76-47	11	NYFE:	New York Futures Exchange
76-48	11	NYFE:	New York Futures Exchange
76-49	11	NYFE:	New York Futures Exchange
76-50	11	NYFE:	New York Futures Exchange

Closing Prices.

of record only.
United States of America.

December 2, 1985

las Corporation

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2000

Sachs International Corp.

Bank Group

Banque Bruxelles Lambert S.A.

County Bank
Limited

CSFB-Effectenbank AG

J. Henry Schroder Wagg & Co.
Limited

Die Landesbank Girozentrale

Age Group	Percentage
18-29	85
30-49	75
50-69	65
70+	55

...the fact that the *Journal of Management* is a leading journal in the field of management research, and that the *Journal of Management Studies* is a leading journal in the field of management education research.

Japan's NEC to Lift U.S. Chip Prices

the United States, France, West Germany and Britain agreed to pressure the dollar down to help reduce the U.S. trade deficit.

Although NEC attributed the price increase mainly to the yen's appreciation, one official admitted the decision was affected by U.S. charges that Japanese makers were "dumping" memory chips in the United States.

Several of the largest U.S. semiconductor manufacturers have filed trade complaints against the largest Japanese chipmakers, contending they sold certain types of computer chips in the United States at prices below their production costs.

In addition, the U.S. International Trade Commission in August issued a preliminary ruling in

2 German Companies to Join In Making Video Recorders

highly competitive market where profit margins had been squeezed by declining prices. The VCRs will be sold under both the Blaupunkt and SEL labels. Prior to the agreement, both companies produced VCRs in cooperation with Japanese companies.

Blaupunkt announced last month that it had entered a joint production agreement with Grundig AG, the consumer electronics group, on manufacturing color televisions and car radios.

Other Japanese semiconductor makers were expected to follow NEC's pricing action.

NEC officials said 64-Kilobit dynamic random access memory and 256-Kilobit products had been the hardest hit, and their prices would be increased about 20 percent.

But they added the prices of other products, such as read-only memory chips, might be hiked more moderately.

Unit of British Caledonian Drops Hong Kong Venture

United Merger With Imperial

(Continued from Page 11)

brands on a global basis," they said.

Imperial's deputy chairman, William Gunn, said the combined company could use Imperial's heavy flow of cash from cigarette operations to finance expansion of faster-growing businesses, such as restaurants and convenience foods.

Analysts were muted in their reaction. "It's not a case of one plus one equals four," said Julian Lakin of Singapore's Vickers & Co. "It's maybe two and a quarter or two and a half."

Geoffrey Keat, currently chairman and chief executive of Imperial, would be chairman of the combined company, which has not been named. Sir Hector Laing, who is United's chairman and whose grandfather invented the digestive biscuit, would be chief executive of the new concern.

Boeing's de Havilland Bid Called Successful

for de Havilland, which included late-placed bids from Mr. Dornier and Rimgate Holdings Ltd., a Canadian investor group that includes the Dutch aircraft group, Fokker NV.

The choice of Boeing, the officials said, secures an unparalleled marketing network in the de Havilland line and also assures adequate capital investment needed to cover further development costs involved in building a stretch 50-seat version of the current 36-seat Dash 8 plane. Boeing helped establish world-wide marketing program for de Havilland's struggling Dash model in the late 1970s.

Talks Progress On Power Plant Sought by China

HONG KONG — Negotiations between China, France and Britain on China's first major nuclear power plant should be completed in the next two months, the British trade commissioner said here Monday.

The official, Christian Adams, said that although the parties still have agreements to work out, particularly over prices, negotiators were now working on the final stage of the contracts.

Disagreement over prices with the Chinese prompted Britain's General Electric Co. to pull out of the discussions in October. But the talks were resumed last month.

GE is negotiating to supply conventional generator equipment for the plant to be built in Daya Bay, southern China, while Framatome of France hopes to supply two nuclear reactors.

U.S. Automakers Leaning on Price Incentives

Such cutbacks would send dampening effect rippling through the entire U.S. economy, particularly the vast array of companies that supply automotive components. The auto and supplier industries account for about 5 percent of gross national product, Mr. Evans

said, GNP measures a country's output of goods and services, plus imports from other countries abroad.

"The only surprise was that it didn't do it in November," says Michael M. Luckey, an analyst with Merrill Lynch Economist, speaking of the new round of incentives. "They didn't have much choice, because GM was up to an 88-day supply of cars at current selling rates and Chrysler was up to a 100-day supply in usual considered ideal.

Chrysler said last Wednesday that it would offer 8.6-percent financing or rebates of \$500 a month on about half of its 1985 as of \$1,000 product line, mostly smaller cars and minivans. Chevrolet and Ford are expected this week.

Price cuts in the auto industry

And GNP's third-quarter growth rate of 4.3 percent was significantly influenced by the strong output of automobiles.

Economists say that the main issue is whether the incentives stimulate an increase in total sales for the year that would spur additional

but shutdown costs are higher today, and the automakers are trying to develop a sense of urgency with parts suppliers and labor.

The top six U.S. auto manufacturers reported a combined 1.3 percent increase in September, but economic indicators on a roller coaster.

Retail sales plummeted a record 3.3 percent in October as a big drop in auto purchases offset modest gains elsewhere. Sales had risen 2.2 percent in September and 2.2 percent in August.

But the industry's outlook for an auto-buying spree inspired by cut-rate financing.

The Consumer Price Index climbed 0.3 percent in October, slightly more than the string of 0.2 percent increases that prevailed from May through September.

But the reason was consumer finance charges jumped 1.9 percent after 10 consecutive declines a

American Motors Corp. plans to import 60,000 R-R21 compact cars from Renault of France up to the first quarter of 1987, the U.S. trade journal *Automotive News* said.

Amesbury Airlines of Australia could have ordered eight Airbus A-320 planes and taken out options on nine more, the stretched A-320/200 version. The ordered aircraft are to be delivered between September and Christmas 1988. No financial details were available.

Bell Group Ltd., the Australian Bell Group, said it held 176,000 shares of Bell in Broken Hill Resources Corp., or 17.1 percent. BHP issued shares, by last Friday, to renewing speculation on another takeover of Bell by all or part of BHP. Bell made an unsuccessful bid in Australia in 1983.

Evening News Association, which owns the Detroit News, said its president and directors will urge shareholders to approve the company's proposed takeover by General Motors Co. at a special meeting Dec. 20.

Mercury News, as president of a newly organized newspaper division. The restructuring centralized operations of the Miami-based company's 28 daily newspapers under one executive.

Merrell Dow of Cincinnati, maker of the drug Bendectin, which allegedly causes birth defects, won the right for its appeal to be heard by the U.S. Supreme Court. The appeal argues that lawsuits filed by foreign women who took Bendectin are improperly transferred to federal court.

Pratt & Whitney was struck by several thousand workers at the U.S. aero engine group's four Connecticut plants. The stoppage was called by the International Association of Machinists in connection with a new three-year labor contract.

Really Useful Co. the company owned by Andrew Lloyd Webber, the author of shows such as *Cats* and *Starlight Express*, is to offer shares in the company on the London Stock Exchange early next year. Financial details have not been completed, the company said.

Sperry Corp. of the United States has had a partial ban imposed on the company and its subsidiaries lifted by the Arab Offices of the Boycott of Israel. Bahrain's official Gazette reported. It imposed a partial ban, imposed in 1970, on Oct. 76.

We have pleasure in announcing the establishment of our representative office in Paris on 3rd December 1985 headed by Mrs. J. Le Moignier.

*Rabobank Nederland,
8, Avenue Franklin D. Roosevelt,
75008 - Paris.
Telephone: (1) 42 89 30 27.*

Rabobank 

Floating-Rate Notes

Dec. 8

Dollar

Issuer/Inst.

Coupon Word Bid Asked

In/Mkt.

Coupon Word Bid Asked

1st Feb 90	15.13	100.01	100.01	
1st Feb 91	15.13	100.01	100.01	
1st Feb 92	15.13	100.01	100.01	
1st Feb 93	15.13	100.01	100.01	
1st Feb 94	15.13	100.01	100.01	
1st Feb 95	15.13	100.01	100.01	
1st Feb 96	15.13	100.01	100.01	
1st Feb 97	15.13	100.01	100.01	
1st Feb 98	15.13	100.01	100.01	
1st Feb 99	15.13	100.01	100.01	
1st Feb 00	15.13	100.01	100.01	
1st Feb 01	15.13	100.01	100.01	
1st Feb 02	15.13	100.01	100.01	
1st Feb 03	15.13	100.01	100.01	
1st Feb 04	15.13	100.01	100.01	
1st Feb 05	15.13	100.01	100.01	
1st Feb 06	15.13	100.01	100.01	
1st Feb 07	15.13	100.01	100.01	
1st Feb 08	15.13	100.01	100.01	
1st Feb 09	15.13	100.01	100.01	
1st Feb 10	15.13	100.01	100.01	
1st Feb 11	15.13	100.01	100.01	
1st Feb 12	15.13	100.01	100.01	
1st Feb 13	15.13	100.01	100.01	
1st Feb 14	15.13	100.01	100.01	
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1st Feb 88	15.13	100.01	100.01	
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1st Feb 95	15.13	100.01	100.01	
1st Feb 96	15.13	100.01	100.01	
1st Feb 97	15.13	100.01	100.01	
1st Feb 98	15.13	100.01	100.01	
1st Feb 99	15.13	100.01	100.01	
1st Feb 00	15.13	100.01	100.01	
1st Feb 01	15.13	100.01	100.01	
1st Feb 02	15.13	100.01	100.01	
1st Feb 03	15.13	100.01	100.01	
1st Feb 04	15.13	100.01	100.01	
1st Feb 05	15.13	100.01	100.01	
1st Feb 06	15.13	100.01	100.01	
1st Feb 07	15.13	100.01	100.01	
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1st Feb 09	15.13	100.01	100.01	
1st Feb 10	15.13	100.01	100.01	
1st Feb 11	15.13	100.01	100.01	
1st Feb 12	15.13	100.01	100.01	
1st Feb 13	15.13	100.01	100.01	
1st Feb 14	15.13	100.01	100.01	
1st Feb 15	15.13	100.01	100.01	
1st Feb 16	15.13	100.01	100.01	
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1st Feb 23	15.13	100.01	100.01	
1st Feb 24	15.13	100.01	100.01	
1st Feb 25	15.13	100.01	100.01	
1st Feb 26	15.13	100.01	100.01	
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1st Feb 28	15.13	100.01	100.01	
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1st Feb 35	15.13	100.01	100.01	
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1st Feb 44	15.13	100.01	100.01	
1st Feb 45	15.13	100.01	100.01	
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1st Feb 47	15.13	100.01	100.01	
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1st Feb 56	15.13	100.01	100.01	
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1st Feb 58	15.13	100.01	100.01	
1st Feb 59	15.13	100.01	100.01	
1st Feb 60	15.13	100.01	100.01	
1st Feb 61	15.13	100.01	100.01	
1st Feb 62	15.13	100.01	100.01	
1st Feb 63	15.13	100.01	100.01	
1st Feb 64	15.13	100.01	100.01	
1st Feb 65	15.13	100.01	100.01	
1st Feb 66	15.13	100.01	100.01	
1st Feb 67	15.13	100.01	100.01	
1st Feb 68	15.13	100.01	100.01	
1st Feb 69	15.13	100.01	100.01	
1st Feb 70	15.13	100.01	100.01	
1st Feb 71	15.13	100.01	100.01	
1st Feb 72	15.13	100.01	100.01	
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1st Feb 77	15.13	100.01	100.01	
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1st Feb 79	15.13	100.01	100.01	
1st Feb 80	15.13	100.01	100.01	
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1st Feb 95	15.13	100.01	100.01	
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1st Feb 97	15.13	100.01	100.01	
1st Feb 98	15.13	100.01	100.01	
1st Feb 99	15.13	100.01	100.01	
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1st Feb 01	15.13	100.01	100.01	
1st Feb 02	15.13	100.01	100.01	
1st Feb 03	15.13	100.01	100.01	
1st Feb 04	15.13	100.01	100.01	
1st Feb 05	15.13	100.01	100.01	
1st Feb 06	15.13	100.01	100.01	
1st Feb 07	15.13	100.01	100.01	
1st Feb 08	15.13	100.01	100.01	
1st Feb 09	15.13	100.01	100.01	
1st Feb 10	15.13	100.01	100.01	
1st Feb 11	15.13	100.01	100.01	
1st Feb 12	15.13	100.01	100.01	
1st Feb 13	15.13	100.01	100.01	
1st Feb 14	15.13	100.01	100.01	
1st Feb 15	15.13	100.01	100.01	
1st Feb 16	15.13	100.01	100.01	
1st Feb 17	15.13	100.01	100.01	
1st Feb 18	15.13	100.01	100.01	
1st Feb 19	15.13	100.01		

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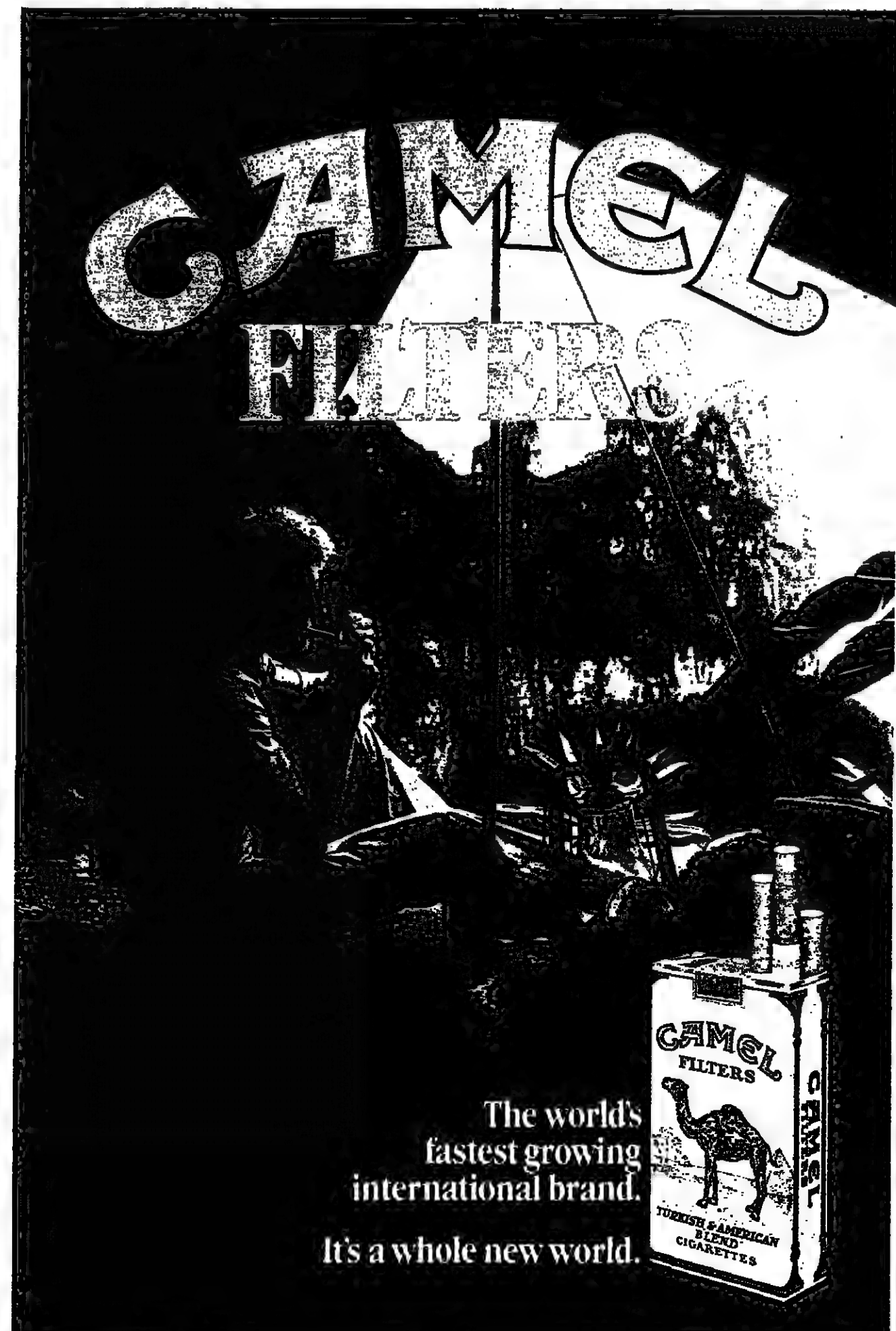
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Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.
Via The Associated Press

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The international hotels with a french touch
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Dec. 1, 1985

Best asset value quotations are supplied by the Funds listed with the exception of some quotes based on issue price. The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (r) - regularly; (i) - irregularly.

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Saudis Seem Determined to Keep Oil Output High

By Bob Haggerty
International Herald Tribune

JEDDAH — Saudi Arabia appears determined to continue pumping crude oil at the sharply increased level attained this autumn, even if oil prices begin to lunge as a result.

The kingdom is producing around 4.35 million barrels a day, a full quota under rules set by the Organization of Petroleum Exporting Countries, industry sources estimate. That is more than double the 20-year low that the Saudis hit last summer, though still far below their peak of more than 10 million barrels five years ago.

The Saudis increased their sales following the lead of other OPEC members and offering market-related prices rather than those dictated by the unruly cartel. Saudi Arabia now sells more than one-third of its crude oil on a "netback" basis, which ties the price to the current market value of the products refined from the crude.

The Saudi discounts demonstrated that "what others can do, Saudi can do better," Subroto, oil minister of Indonesia and president of OPEC, observed recently. The kingdom's decision was momentous because Saudi Arabia, which owns about a quarter of the world's proven oil reserves, is the sole producer with the power and ability to raise or lower its output sufficiently to have a major influence on oil prices worldwide.

Thus, the new Saudi policy offers the comfort for the other 12 members of OPEC, which is scheduled

to open a meeting in Geneva this week.

Oil prices have been very strong in recent months, largely because oil companies found themselves short of heating oil as winter approached. But producers have rushed to meet that demand, and a sharp drop in prices last week suggested that they had overdone it.

OPEC's total production is estimated at 18 million barrels a day, well above the group's self-imposed ceiling of 16 million, which accounts for about a third of demand in the non-Communist countries.

"OPEC is already sowing the seeds of its own destruction by producing far too much," said David Gray, chief oil analyst at James Capel & Co., a London stockbroker.

In the old days, the Saudis could have been counted on to cut back their production enough to prevent a precipitous drop in prices. Last summer, however, the kingdom put its OPEC partners on notice that it no longer would serve as the "swing" producer, responsible for trying to balance world supply and demand.

Many Saudis say their swing role only benefited other producers, letting them increase their sales without causing a price collapse.

"Nobody's appreciative," a senior Saudi diplomat complained recently. "They took it for granted. Now we're saying, 'This is it. Every man for himself.'"

Other OPEC members sometimes argue that Saudi Arabia is so rich that it can afford further sacrifices. Though Indonesia's population is more than 16 times that of Saudi Arabia, for example, the Indonesian quota is less than one-third of that accorded to the Saudis.

For domestic political reasons, however, it would be extremely difficult for the Saudis to reduce their

output sharply again, observers in the kingdom say.

Already, the recession is squeezing Saudi government revenue far below budgeted levels, threatening the kingdom with its third budget deficit in three years. The government is seeking ways to reduce spending further, but cutbacks are provoking grumbles from powerful businessmen.

While the government could borrow, that would offend Saudi prudence and religious objections to paying interest, at least in so open a way.

The Saudis also generally oppose the idea of eating further into the country's estimated \$90 billion of foreign reserves. Though still substantial, the liquid part of the reserves has been dwindling at a worrisome rate.

When production dropped near 2 million barrels a day last summer, "they had nothing to lose" by risking a price war, a diplomat in Riyadh reasoned. At that level of output, the Saudis had only about a million barrels a day of revenue-producing crude, since domestic usage and aid to other nations was soaking up nearly a million.

By doubling production to around 4 million, the Saudis tripled their revenue-producing barrels to 3 million. Even if prices had crashed to \$10 a barrel from the current range of about \$25 to \$30, the Saudis would have had slightly more income than at last summer's low point.

For the future, the kingdom has not ruled out producing above its quota if other OPEC members persist in doing so. "Our policy is that if it's free for some, it's free for all," Sheikh Ahmed Zaki Yamani, the oil minister, said in a recent interview.

The minister, who has been in office since 1962, said an oil-price war next year could still be avoided if all producers, including those outside OPEC, cooperated in restraining output. But, he conceded, such cooperation did not appear likely, at least not yet.

Saudi oil analysts believe that many Saudi officials would like to



Sheikh Ahmed Zaki Yamani: "Free for some, free for all"

see oil prices drop below \$20 for a short period. "The Saudis don't really see any way around it at this point," said Joseph C. Story, president of Gulf Consulting Services, a Virginia-based firm. Such a plunge, he suggested, might convince Britain, Norway and other non-OPEC producers to trim their output.

In any case, he noted, the Saudis have always tried to keep oil prices low enough to be competitive in the long term with other fuels. In the 1970s, Saudi Arabia refused to raise its prices as high as other OPEC members. Such a conservative policy makes sense for a country whose oil reserves are large enough to continue pumping at the current rate for 116 years.

Others argue that the kingdom is too cautious to encourage a price war, though it probably is prepared for the possibility that others will start one.

Sheikh Yamani said that it would be preferable to try to regulate oil output and avoid unleashing the full effects of market forces. When he was asked whether a price war would lead to violent up-and-down swings in prices, there was no hesitation.

"Very violent," he said softly.

Economy A Hot Issue In Manila

(Continued from Page 11)

which, if endorsed by the IMF board in Washington, will release another \$106 million to help the Philippines handle its debt problems. Half the country's export earnings now go to pay interest on its \$26-billion foreign debt.

The economy has been in a tailspin since late 1983, initially the result of a financial crisis. In 1984, economic growth declined by 5.3 percent, its sharpest contraction since World War II, and a similar figure is likely this year.

The government has followed an austerity program under IMF guidance and has succeeded in reducing inflation from the 50-percent mark in 1984. The rate this year is expected to be about 20 percent. Interest rates have also fallen sharply.

The proposed presidential elections themselves pose a threat to the fragile economy. Opposition spokesmen and businessmen estimate that the ruling Kilusang Bagong Lipman, or New Society Movement, will spend at least \$300 million on a campaign to re-elect Mr. Marcos; some estimates are double that.

Any figure in this range could send inflation soaring again, according to Mr. Concepcion, the businessman. A smaller amount, however, might put a little life back into the consumer economy.

Coconut oil and sugar remain the country's top agricultural exports. More than 35 percent of the \$4 million Filipinos are involved in their production, processing and sales. But the world price of sugar collapsed several years ago, and this year the coconut oil industry has been affected by competitive products and storm damage.

"Agriculture is doing OK," a foreign economist in Manila said. It showed a slight growth last year while the industrial and service industries slumped. "The problem is to redistribute the benefits," he said.

CURRENCY MARKETS

Sterling Tops \$1.50 Before Fading

NEW YORK — The British pound climbed above \$1.50 Monday in European and U.S. trading for the first time in more than two years, but fell back in later trading amid a general dollar rally.

Dealers said comparatively high U.K. interest rates combined with the fall of the dollar against most currencies helped push sterling gradually up to \$1.5017 during morning trading from Friday's close of \$1.4880.

The British currency later fell back to close in London at \$1.4885 as the dollar recovered. In New York, the pound also closed at

\$1.4885, down from \$1.4900 on Friday.

Sterling was last quoted above \$1.50 in London in October 1983. The dollar, meanwhile, bounced back from two-year lows against the Deutsche mark amid heavy buying by profit-takers.

In New York, the dollar rose to 2.5180 DM from a session low of 2.4900 and its close on Friday of 2.5140. The U.S. currency also rose to 203.70 Japanese yen from 202.30 on Friday; to 7.6805 French francs from 7.6650 and to 2.0960 Swiss francs from 2.0800.

In earlier trading in Europe, the dollar closed in London at 2.5185 DM, up from its two-year low of

2.4923 hit earlier Monday, and above its close on Friday of 2.5075 DM. At the earlier fixing in Frankfurt, however, the dollar was set at 2.5030 DM, down from 2.5120 at the Friday fixing.

Earlier in Tokyo, where trading ends as it is getting under way in Europe, the dollar rose to 203.10 yen from Friday's close there of 201.40.

In other European markets Monday, the dollar was fixed at mid-afternoon in Paris at 7.6350 French francs, down from 7.6645; at 2.8160 Dutch guilders in Amsterdam, down from 2.8260, and at 1,703.00 lire in Milan, down from 1,708.00 on Friday.

Copper Prices at 2-Year Low As Tin's Problems Spill Over

LONDON — Copper hit a two-year low Monday and dealers laid the blame partly on the problems of tin trading, as the International Tin Council resumed efforts to resolve that crisis.

At the pre-market unofficial fix in London, high-grade copper was at \$938.4 (\$1,480.50) a metric ton (1.1 short tons) for cash. By the morning official fix on the London Metal Exchange, the price was down to \$915.

"The London tin market fiasco has now spilled over into other metals, notably copper where prices now are very depressed," one dealer said.

The two metals are mined and consumed separately. But because the LME's exposure to tin is so high, trading houses that deal in a variety of markets are reluctant to tie up cash in other metals.

Three months higher-grade copper was early Monday at the equivalent of \$1,492.50 a ton, compared with levels of \$2,250 a ton 12 months ago. London Metal Ex-

change higher-grade copper, one of the two copper contracts traded on the market, is the benchmark for copper prices worldwide.

Without investor-speculator cash flowing into the market, copper has proved to be sluggish in its trading habits, traders said, and the market is perhaps \$300 a ton below its current potential price.

The short-term outlook for consumption remains good.

Industry bodies such as the International Council of Copper Exporting Countries, CIPPEC, which includes Chile, Zambia and Zaire, and the International Wrought Copper Council, which includes consumers in its membership, expect demand to outstrip supply over the next two years.

Britain's Pledge on Tin

Britain renewed Monday its pledge to honor its share of debts and other commitments contracted by the International Tin Council, in order to solve the five-week-old tin-trading crisis, Agence France-Press reported from London.

2 Exchanges Battle in U.S.

(Continued from Page 11)

both groups of investors is crucial for the contracts' success, analysts and traders say.

But the pool from which to draw is small. A Board of Trade spokesman said only 200,000 people who are not exchange members trade in U.S. markets, and this level is growing by only 3 percent a year.

While the public spotlight is on the rivalry between the two Chicago exchanges, other exchanges are developing new contracts. New York's Commodity Exchange (Comex), which trades metals futures, said it is considering branching out into financial contracts and is planning a linkup with the Sydney Futures Exchange in Australia on gold futures.

Monday's OTC Prices

NASDAQ prices as of 3 p.m. New York time.

Via The Associated Press

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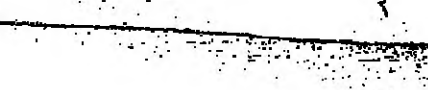
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SPORTS

Zoeller: A Big-Money Putter

By Dave Anderson

MURRIETA, California — At the Skins Game, golfers putt for big money while the spectators put up a few dollars and pick a player out of a hat. Zoeller, who had failed to make a birdie on that 15th hole.

"If you don't do something tomorrow," the man said, "you're going to cost me \$9."

"Here's \$10," Zoeller said, fishing into a pocket. "Take the pressure off me."

All week, Zoeller had joked about how he "wanted a chance to choke for \$450,000" — the total prize money. But when the pot had ballooned to \$150,000 on Sunday's 204-yard 12th hole after five carryovers, Zoeller stroked a 15-footer into the hole for a birdie 2.

"I had a big hole in my stomach, my nerves were jumping," he said later. "I was shocked that I hit it on the button. It surprised the hell out of me. That's the most I've ever putted for."

Zoeller, laughing, recalled putting for \$10, \$15 and \$20 skins growing up in New Albany, Indiana. But I only had a quarter in my pocket then — that's pressure. "When he left the Bear Creek Club Sunday he had \$253,000 in his pocket after a \$70,000 putt on the 15th hole and a \$35,000 putt on the 18th."

Tom Watson earned \$100,000, Arnold Palmer \$80,000 and Jack Nicklaus \$15,000. But just as the two previous Skins Games featured Nicklaus's 8-footer for \$240,000 on the 18th hole last year and Gary Player's 4-footer for \$150,000 on the 17th two years ago, this year's event will be remembered for Zoeller's \$150,000 putt.

"On that 12th hole," Zoeller said, "Arnold hit a great putt from 50 feet that just missed, then I dodged a couple of bullets. I got a good read off Jack's putt, then I got another read off Tom's. That convinced me my putt was dead straight. Putting for that kind of money, the most difficult putt to hit is a straight putt."

"Tommy Bolt," someone mentioned, "always said there's no such thing as a straight putt."

"O.K.," said Zoeller, smiling at the mention of the 1958 U.S. Open champion, "so it broke to the left a little."

At the 412-yard 15th — another carryover hole — Zoeller's 20-footer did break slightly to the left for another birdie. And when Nicklaus teed off his birdie attempt from 12 feet, Zoeller had another \$72,000. In the Skins Game format, each of the first six holes were worth \$15,000, each of the next six \$25,000 and each of the last six \$35,000. Upon leaving that 15th green, Zoeller leaned over and pretended to kiss Nicklaus on the cheek.

At the 430-yard 18th, Zoeller rolled in a 25-footer for another \$35,000, his fourth birdie on the back nine after none on Saturday. His comeback did not surprise anybody familiar with the career of the friendly fast talker who underwent spinal-disk surgery three months after having won the 1984 U.S. Open at Winged Foot.

"I was hurting Saturday. I was getting spasms in my right hip," he said. "But then I got my little doctor bag and took that wonderful little pain pill and I felt pretty good."

With his \$253,000 Sunday, Zoeller leaped into second place in total earnings for the three Skins Games. Nicklaus is the leader with \$295,000, Watson has \$230,000, Palmer \$220,000 and Player \$170,000.

As the defending champion, Zoeller qualified to return next year, when the event is expected to be held at the new PGA West course in Palm Springs, California; Palmer also is likely to return as the sponsor's choice. Next year's other two players might be chosen by a popular balloting similar to that of baseball's All-Star Game.

But for all its tension, the Skins Game has a weakness: None of the four golfers risk the loss of money, unlike any duffer who bets a few bucks in his own skins game. Let each of the four golfers in the Skins Game put, say, \$50,000 of his own money into the pot. Let him be concerned about losing some money, not just about how much he might win.

Asked if the Skins Game would be as much fun if the golfers had to put up some of their own money, Zoeller replied, "About the same. That feeling would still be there." Plus the sinking feeling, as every duffer knows, of maybe losing your own money.

zy Zoeller, at the end of his \$253,000 day.

COREBOARD

Basketball

National Basketball Association Standings									
EASTERN CONFERENCE					WESTERN CONFERENCE				
Atlanta	10	9	50.6	6	Los Angeles	10	9	50.6	6
Washington	7	10	41.2	8	San Diego	14	14	32.9	11
Atlanta	10	9	50.6	6	San Diego	14	14	32.9	11
Washington	7	10	41.2	8	San Diego	14	14	32.9	11

Football

National Football League Standings									
AMERICAN CONFERENCE					NATIONAL FOOTBALL CONFERENCE				
San Francisco	10	9	50.6	6	San Francisco	10	9	50.6	6
Washington	7	10	41.2	8	Washington	7	10	41.2	8
Atlanta	10	9	50.6	6	Atlanta	10	9	50.6	6
Washington	7	10	41.2	8	Washington	7	10	41.2	8

Hockey

NHL Standings									
WALEY CONFERENCE					PACIFIC DIVISION				
Philadelphia	10	9	50.6	6	Philadelphia	10	9	50.6	6
Washington	7	10	41.2	8	Washington	7	10	41.2	8
Atlanta	10	9	50.6	6	Atlanta	10	9	50.6	6
Washington	7	10	41.2	8	Washington	7	10	41.2	8

SUNDAY'S RESULTS									
San Francisco	10	9	50.6	6	San Francisco	10	9	50.6	6
Washington	7	10	41.2	8	Washington	7	10	41.2	8
Atlanta	10	9	50.6	6	Atlanta	10	9	50.6	6
Washington	7	10	41.2	8	Washington	7	10	41.2	8

SUNDAY'S RESULTS									
San Francisco	10	9	50.6	6	San Francisco	10	9	50.6	6
Washington	7	10	41.2	8	Washington	7	10	41.2	8
Atlanta	10	9	50.6	6	Atlanta	10	9	50.6	6
Washington	7	10	41.2	8	Washington	7	10	41.2	8

SUNDAY'S RESULTS									
San Francisco	10	9	50.6	6	San Francisco	10	9	50.6	6
Washington	7	10	41.2	8	Washington	7	10	41.2	8
Atlanta	10	9	50.6	6	Atlanta	10	9	50.6	6
Washington	7	10	41.2	8	Washington	7	10	41.2	8

SUNDAY'S RESULTS									
San Francisco	10	9	50.6	6	San Francisco	10	9	50.6	6
Washington	7	10	41.2	8	Washington	7	10	41.2	8
Atlanta	10	9	50.6	6	Atlanta	10	9	50.6	6
Washington	7	10	41.2	8	Washington	7	10	41.2	8

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San Francisco	10	9	50.6	6	San Francisco	10	9	50.6	6
Washington	7	10	41.2	8	Washington	7	10	41.2	8
Atlanta	10	9	50.6	6	Atlanta	10	9	50.6	6
Washington	7	10	41.2	8	Washington	7	10	41.2	8

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San Francisco	10	9	50.6	6	San Francisco	10	9	50.6	6
Washington	7	10	41.2	8	Washington	7	10	41.2	8
Atlanta	10	9	50.6	6	Atlanta	10	9	50.6	6
Washington	7	10	41.2	8	Washington	7	10	41.2	8

McEnroe, Rallying, Outlasts Leconte in Five Sets

United Press International

MELBOURNE — John McEnroe staged a dramatic comeback Monday to subdue Henri Leconte, 5-7, 7-6 (7-4), 3-6, 7-6 (7-5), 6-1 in the fourth round of the Australian Open tennis championships.

McEnroe came back from a 2-1 sets deficit and was down 1-5 in the fourth set tie breaker before subduing the Frenchman in 3 hours and 15 minutes.

McEnroe will meet Yugoslav Slobodan Zivjovic in Wednesday's quarterfinals; in Monday's other fourth-rounders, Zivjovic defeated Tim Mayotte of the United States, 2-6, 6-4, 6-4, and Johan Kriek downed fellow American Jay Lapidus, 6-3, 6-4, 6-3.

"I will always remember today's match when I look back on this crazy life of tennis," said McEnroe. "At 5-1 in the tie breaker, I was thinking about getting out of the flight tomorrow."

"I was even thinking of getting a wild-card entry to improve my grass-court game in the New South Wales championships next week," he said.

"It was a wonderful match, it was one of those great matches. Leconte played great tennis. He's a wonderful competitor, and he's going to finish up in the top 10 for sure."

Leconte, 22, was far from dejected. "I am very happy at the way I played. I tried hard and I played great tennis for all the five sets, and that's important," he said. "I'm tired — John played brilliant tennis. He is a wonderful competitor, and that's why he is the best grass-court player in the world."

"Of course I'm sorry I lost. But I had my chances, didn't I?"

Delayed nearly three and a half hours by early-morning showers that soaked already soggy grounds, the encounter was played on an outside court at McEnroe's request. Nearly 3,000 spectators jammed the 1,500-seat facility.

The two left-handers sparred with cross-court drives, topspin lobs and strings of volleys as they sought out each other's weaknesses.

McEnroe, the No. 2 seed, played with his left upper thigh bandaged, but appeared unhindered. Leconte showed the better control of first service and moved into McEnroe's less lethal second delivery to hammer crisp, deep volleys. He broke serve in the eighth and 12th games to take the opening set.

McEnroe was also in trouble with his service in second set, and had to save three break points to tie at 1-1.

Leconte broke in the fourth game for a 3-1 lead when he flicked a backhand crosscourt that left McEnroe stranded at the net.

At that stage, McEnroe was hitting on only 44 percent of his first serves; Leconte, serving with deliberation, was keeping 61 percent in play. McEnroe was foot-faulted three times by linesman Tom Johnson.

Leconte went to 4-1 on service, but McEnroe came up to 2-4 and then, when Leconte double-faulted twice, broke in the seventh to make it 3-4. In the next game, McEnroe was down by 15-40 but fought back brilliantly to 4-4.

Leconte led again at 5-4, and McEnroe, struggling to stay in the match, saved two set points in the tenth game and finally held for 5-5.

At that point McEnroe, 26, was talking to spectators, and umpire Richard Kaufman issued a warning. "I don't want you to talk to the crowd any more," Kaufman said to McEnroe as play stopped for several minutes. The crowd, which had been for Leconte when he was on top, began chanting for McEnroe as the American came back to win the set.

In the third set, McEnroe was still having trouble with his service rhythm. In the seventh game, Leconte punched a backhand passing shot that fell just inside the baseline to break and lead by 4-3. Leconte held serve and, at 15-40 in ninth game, took the set with a crosscourt.

In the fourth-set tie breaker, Leconte led 6-1 before McEnroe rallied off six straight points to win and even the match.

Leconte lost his opening service of the final set and McEnroe, angling shots wide of the string and slightly demoralized 13th seed, jumped to 3-0 lead and ran out the match in the seventh game.

The spectators gave McEnroe and Leconte a five-minute standing ovation after the epic struggle. "You played wonderful, you played unbelievably well," Leconte said McEnroe told him as they walked off the court.

Australian television stations pushed back evening newscasts to cover the final two sets.

McEnroe, who has failed to win a grand-slam event this year and whose last major title was the 1984 U.S. Open, has beaten Leconte in all seven career meetings.

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